

سانگھڑ شوگر ملز لمیٹڈ  
**Sanghar Sugar Mills Limited**

Annual Report 2016

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# Company Information

## BOARD OF DIRECTORS

Mr. Ghulam Dastagir Rajar	(Chairman)
Haji Khuda Bux Rajar	(Chief Executive)
Mr. Mohammad Aslam	
Mr. Rahim Bux	
Mr. Ghulam Hyder	
Mr. Qazi Shamsuddin	
Mr. Shahid Aziz	(Nominee of N.I.T.)

## BOARD COMMITTEES

### AUDIT COMMITTEE

Mr. Rahim Bux	(Chairman)
Mr. Mohammad Aslam	
Mr. Shahid Aziz	

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rahim Bux	(Chairman)
Mr. Mohammad Aslam	
Mr. Shahid Aziz	

### INFORMATION TECHNOLOGY STEERING COMMITTEE

Mr. Ghulam Hyder	(Chairman)
Syed Rehan Ahmed Hashmi	
Mr. Muhammad Ahmed	

## COMPANY SECRETARY

Mr. Muhammad Mubeen Alam

## CHIEF FINANCIAL OFFICER

Syed Rehan Ahmad Hashmi

## STATUTORY AUDITORS

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## COST AUDITORS

Siddiqi & Company  
Cost & Management Accountants

## SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited  
Karachi Chambers, Hasrat Mohani Road  
Karachi.  
Phone: 021 32424826  
Fax: 021 32424835

## BANKERS

### Islamic

Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
Meezan Bank Limited

### Conventional

Bank Al-Falah Limited  
Bank Al-Habib Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
United Bank Limited

## REGISTERED / HEAD OFFICE

C-27, Plot No. F-24, Block - 9, Clifton  
Karachi 75600  
Phone: 021 35371441 to 43 (3 lines)  
Fax: 021 35371444  
Website: [www.sangharsugarmills.com](http://www.sangharsugarmills.com)  
E-mail: [info@sangharsugarmills.com](mailto:info@sangharsugarmills.com)

## MANUFACTURING FACILITIES

13 K.M., Sanghar - Sindhari Road  
Deh Kehore, District Sanghar, Sindh  
Phone: (0345) 3737001 - 8222911

# Statement of Vision, Mission, Corporate Objectives and Strategy & Strategic Planning

## VISION STATEMENT

To have eminent position in manufacturing and supplying quality white refined sugar and allied products and thereby play an important role in the economic and social development of the country.

## MISSION STATEMENT

We the Management of Enterprise, have set forth our belief as to the purpose for which the Company is established and the principles under which it should operate. We pledge our entire efforts to the accomplishment of the purpose within the agreed principles. Sanghar Sugar Mills Limited is committed to:

- ✦ Manufacture to the highest quality standards. Pursuing the improvement in shareholders' value through team work and continuous improvement in the system in a competitive business environment.
- ✦ Be ethical in practice and fulfill social responsibilities.
- ✦ Ensure a fair return to stakeholders.
- ✦ Realize responsibility towards society and contribute to the environment as good corporate citizen.

## CORPORATE OBJECTIVES

The over riding objective of the Company is to optimize over the time, the return to its shareholders. To achieve this objective, the Company shall endeavor to ensure long term viability of its business and to manage effectively its relationship with stakeholders. Sanghar Sugar Mills Limited shall:

- ✦ Recognize the need of working at the highest standard to achieve greater level of performance in order to meet the expectations of the stakeholders.
- ✦ Optimize over the time, the returns to shareholders of the Company.
- ✦ Strive for excellence and build on the Company's core competencies.
- ✦ Conduct Company's business with integrity and supply only quality and credible information.
- ✦ Respect confidentiality of the information acquired during the course of dealings with the interested

parties and refrain from acting in any manner which might discredit the Company.

- ✦ Operate within the regulatory framework and be free of any vested interest which might be incompatible with Organization's integrity, objectivity and independence.

## CORPORATE STRATEGY

Production of sugar and sugar by-products are the Company's main area of business. The Company, its Director and Management:-

- ✦ Believe in diversification through new manufacturing facilities and through equity participation.
- ✦ Recognize the value of technological improvement and acquire the benefits of current innovation and development in their business field.
- ✦ Believe in professional management and modern practices and use latest techniques available for growth and overall prosperity.
- ✦ Consider their human resource as the most important asset and help them in providing facilities with regard to training and updating their knowledge and skill and keep them highly motivated.
- ✦ Believe in integrity in business and the Company's integrity depends on integrity of each one of its employees.
- ✦ Consider the sugar cane growers as the most important part of the business.

## STRATEGIC PLANNING

- ✦ Keep up with technological advancement and continuously update the company in the field of sugar technology.
- ✦ Maintain all relevant technical and professional standards to be compatible with the requirement of the trade.
- ✦ Gauge the market conditions and availability of substitute products and services and ensure quality with cost effectiveness.
- ✦ Inculcate efficient, ethical and time tested business practice in the Company's management.

# Code of Conduct

The entire Organization of **Sanghar Sugar Mills Limited** will be guided by the following principles of Code of Conduct in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

## THE COMPANY

- o Fulfills all statutory requirements of the government and follows all applicable laws of the Country together with compliance with accepted accounting principles, rules and procedures required.
- o Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather their own.
- o Uses all means to protect the environment and ensures health and safety of the employees.
- o Meets the expectations of the spectrum of society and government agencies by implementing an effective and fair system of financial reporting and internal controls.
- o Deals with all stakeholders in objective and transparent manner so as to meet the expectations of those who rely on the Company.
- o Ensure efficient and effective utilization of its resources.

## AS DIRECTORS

- o Promote and develop conducive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- o Support and adherence to compliance of legal and industry requirements.
- o Maintain organizational effectiveness for the achievement of the Company's goals.
- o Promote a culture that supports enterprise and innovation, with appropriate short-term and long-term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.
- o Ensure protection and safeguard the interest and assets of the Company and meet obligations of the Company.

## AS EXECUTIVES AND MANAGERS

- o Ensure cost effectiveness and profitability of operations.
- o Provide direction and leadership for the organization and take viable and timely decisions.
- o Promote and develop culture of excellence, conservation and continual improvement.
- o Develop and cultivate work ethics and harmony among colleagues and associates.
- o Encourage initiatives and self realization in employees through meaningful empowerment.
- o Provide pleasant work atmosphere and ensure an equitable way of working and rewarding system.
- o Institute commitment to environmental, health and safety performance.

## AS EMPLOYEES AND WORKERS

- o Observe Company policies, regulations and code of best business practices.
- o Devote productive time and continued efforts to strengthen the Company.
- o Make concerted struggle for excellence and quality.
- o Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- o Protect and safeguard the interest of the Company and avoid conflict of interest.
- o Maintain financial integrity and must avoid making personal gain at the Company's expense by participating in or assisting activities which compete with the Company.



# Notice of Annual General Meeting

Notice is hereby given that Thirty First Annual General Meeting of the Shareholders of the Company will be held on Tuesday, January 31, 2017 at 11:30 a.m. at Haji Abdullah Muslim Gymkhana, Old Lobby (Muslim Gymkhana), Near Shaeen Complex, Awan-e-Sadar, Sadar Town, Karachi to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of Extra Ordinary General Meeting of the Company held on November 23, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2016 together with Directors' and Auditors' Reports thereon.
3. To approve Cash Dividend at Paisa Sixty only (Rs. 0.60) per share i.e 6% as recommended by the Board of Directors for the year ended September 30, 2016.
4. To appoint Auditors for the year 2016-2017 and fix their remuneration. The present Auditors M/s Kreston Hyder Bhimji & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
5. To transact any other ordinary business with the permission of the Chair.

## SPECIAL BUSINESS

6. To obtain consent of shareholders in terms of S.R.O. 470(I)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual audited accounts of the Company either through CD, DVD or USB or by other permissible electronic mean and to pass the following resolution as an Ordinary Resolution, with or without modification:

**"Resolved** that transmission of annual audited accounts to the members at their registered address either through CD, DVD or USB or by and other permissible electronic mean instead of transmitting the same in hard copies, be and is hereby approved."

**"Further Resolved** that the Board of Directors of the Company be and is hereby authorized to issue the annual audited accounts of the Company to its members through CD, DVD or USB or by and other permissible electronic mean; that the Chief Executive of the Company or the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution."

7. To consider, and if thought fit, to pass the following resolution, with or without modification(s), as Special Resolution to alter the Articles of Association of the Company by inserting new Articles Nos 52A, 52B and 52C to enable e-voting as required by Companies (E-Voting) Regulations, 2016, issued by the Securities and Exchange Commission of Pakistan vide S.R.O. 43(I)/2016 dated January 22, 2016.

**"Resolved** as and by way of special resolution that the Articles of Association of the Company be amended by adding following new clauses as 52A, 52B and 52C:

**52A E-Voting:** The provisions and requirements for e-voting as prescribed by the Securities and Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein.

**52B** In case of e-voting, voters may appoint either members or non-members as proxy and the Company shall comply with the requirements of the Companies (E-Voting) Regulations, 2016 prescribed under the Companies Ordinance, 1984.

**52C** An instrument appointing a proxy may be in the following form, or in any other form which the Directors of the Company approve:

### Option I: Appointing Other Person As Proxy

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Sanghar Sugar Mills Limited, holder of \_\_\_\_\_ (number of shares) ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_ or failing whom Mr. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me /us and on my/our behalf at the (Annual and or Extra Ordinary General Meeting, as the case may be) of the Company to be held on \_\_\_\_\_ and at any adjournment thereof. Signed under my / our this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

### Option II E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Sanghar Sugar Mills Limited, holder of \_\_\_\_\_ (number of shares) ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions, my secure email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

Signature  
(Signature should agree with the specimen  
signature registered with the Company)

Signed in the presence of:

Signature of Witness

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

Signature of Witness

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

**“Further Resolved** that the Chief Executive Officer or the Company Secretary of the Company be and are hereby authorized to do all acts, deeds and things, takes all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filling of all requisite documents/statutory forms as may be required to be filed with Securities and Exchange Commission of Pakistan complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.”

### Statement under section 160 (I)(b) of the Companies Ordinance, 1984

The statement set out material facts concerning “Special Business” to be transacted at the 31st Annual General Meeting of the Company to be held on January 31, 2017. The approval of the members will be sought for:

#### ITEM 6 OF THE AGENDA

To give effect to the notification S.R.O. 470(I) 2016 of the Securities and Exchange Commission of Pakistan (SECP). Shareholders' approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB or by any other permissible electronic mean to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hardcopy of the Annual Report instead of through CD/DVD/USB, to intimate the Company of their requirement.

Further if a member prefer to receive hard copies for all the future annual reports, then such preference of the member shall be communicated to the Company in writing in which case the Company shall be bound to provide hard copies of all the future annual reports.

#### ITEM 7 OF THE AGENDA

To give effect to the Companies (E-voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding.

By Order of the Board

**Muhammad Mubeen Alam**

Company Secretary

Karachi: January 10, 2017

#### NOTES :

1. The Share Transfer Books of the Company will remain closed from 23-01-2017 to 31-01-2017 (both days inclusive) for entitlement of cash dividend, attending and voting at Annual General Meeting. Physical Transfers/CDS Transactions IDS received in order in all respects at the close of the Business on 22-01-2017 at the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi will be considered in time for entitlement of Cash Dividend as declared and attending of the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote on his/her behalf. Forms of Proxy to be valid must be properly filled in/executed and received at the Registered Office of the Company at C-27, Plot No. F-24, Block-9, Clifton, Karachi-75600, at least 48 hours before the time of this meeting. A Form of Proxy is attached herewith.
3. Submission of copy of CNIC (Mandatory). The Securities and Exchange Commission of Pakistan (the SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the Company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued/dispatched to you. In order to comply with this regulatory requirements, you are requested to kindly send photocopy of your CNIC to your Participant/Investor Account Services or in case of Physical Shareholding, immediately to Company's Share Registrar.
4. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar.
5. Pursuant to the provision of the Finance Act 2016 effective July 01, 2016, the rate of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1) Rate of tax deduction for filer @ 12.50%

2) Rate of tax deduction for non-filers @ 20.00%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20.00% shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20.00% instead of 12.5%.

6. Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-Holder(s).

7. A Member holding Physical Shares must bring his/her original Computerized National Identity Card (CNIC) and should mention his/her CNIC and Folio No. and sign on the Attendance Sheet while personally attending this Meeting. Also Member having deposited his/her shares into Central Depository Company of Pakistan Limited must bring his/her Participant's ID No. and Account/Sub-account No. along-with original CNIC and mention his/her CNIC and CDC Account No. and sign on the Attendance Sheet while personally attending this Meeting. Representatives of corporate Members should bring the usual documents required for such purpose as prescribed by the SECP.
8. The Company's Shareholders who are holding its Share in Physical Form are hereby informed and notified in their own interest who have not yet provided copy of their valid Computerized National Identity Card (CNIC) mentioning their Folio Numbers are hereby reminded again through this Notice to send urgently valid copy of their CNIC as mentioned above to the Company or its Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi (Phone No. 021-32424826) in order to comply with the mandatory requirements of Securities and Exchange Commission of Pakistan (the Commission) issued vide SRO 83(1)/2012 dated July 05, 2012 and SRO 19(1) of 2014 dated January 10, 2014.

A List of such Shareholders along with their Folio numbers, Names, Address and No. of the Company's shares held in Physical Form is available on the Company's Website [www.sangharsugarmills.com](http://www.sangharsugarmills.com) for reference who have not yet submitted the valid copy of their CNIC to the Company.

It is further informed that the Members of the Company were previously requested/reminded through Notices of Annual and Extra Ordinary General Meetings held in previous years which were appeared in their respective Annual Reports of the Company as well as published in the news papers Business Recorder and Khabrain of Karachi and Lahore on several dates. They are once again reminded that in case of non-receipt of the copy of their valid CNIC along-with Folio No., the Company would be unable to comply with the mandatory requirement of the Commission as mentioned above.

9. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar. Members having shares in CDC accounts are required to have their address updated with respective participants.
10. CDC Account Holders will further have to follow the under mentioned guideline as laid down in circular dated January 26, 2000 issued by SECP.
11. With reference to S.R.O. 787(I)/2014 dated September 08, 2014 issued by SECP, shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Registered Office to update the record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholder in addition, requested hard copy of Audited Financial Statements the same shall be provided free of cost within Seven (7) days of receipt of such request.
12. In compliance with SECP notification No. 634(I)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended September 30, 2016 are being placed on the Company's website: [www.sangharsugarmills.com](http://www.sangharsugarmills.com) for the information and review of shareholders.
13. Members can also avail video conference facility. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Sanghar Sugar Mills Limited, holder of \_\_\_\_\_ (number of shares) ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member(s)



11۔ بحوالہ 2014/1(787) SRO مؤرخہ 08 ستمبر 2014 از ایس ای سی پی، حصص داران کو یہ حق حاصل ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی رپورٹس اور نوٹس برائے عام اجلاس کو بذریعہ ای میل حاصل کریں۔ کمپنی کے حصص داران سے یہ درخواست کی جاتی ہے کہ اگر وہ کمپنی کی سالانہ آڈٹ شدہ مالیاتی رپورٹس اور سالانہ عام اجلاس کے نوٹس بذریعہ ای میل حاصل کرنا چاہتے ہیں تو کمپنی کے رجسٹرڈ آفس کو اس ضمن میں اپنی مرضی سے آگاہ کریں تاکہ ان کے ریکارڈ کو تازہ کیا جاسکے، تاہم اگر اس کے علاوہ بھی ممبران کو کمپنی کی سالانہ مالیاتی رپورٹس کی پرنٹ شدہ نقول کی ضرورت پیش آجائے تو کمپنی ممبران کی جانب سے کی گئی درخواست کے سات دنوں کے اندر اندر انھیں بلا معاوضہ پرنٹ شدہ نقل برائے آڈٹ شدہ سالانہ رپورٹس بابت کمپنی فراہم کر دی جائے گی۔

12۔ ایس ای سی پی کی جانب سے جاری کردہ نوٹس بحوالہ 634(1)/2014 مؤرخہ 10 جولائی 2014 کی شرائط کے مطابق کمپنی کی آڈٹ شدہ رپورٹس برائے سال 30 ستمبر 2016 کو کمپنی کی سائٹ [www.sangharsugarmills.com](http://www.sangharsugarmills.com) پر پیش کیا جا رہا ہے تاکہ ممبران ان معلومات تک رسائی حاصل کر سکیں اور اس سلسلے میں انکی جانب سے نظر ثانی کی درخواست کر سکیں۔

13۔ ممبران ویڈیو کانفرنس کی سہولت سے بھی فائدہ اٹھا سکتے ہیں۔ اگر آپ اس سہولت سے فائدہ اٹھانا چاہتے ہیں تو برائے مہربانی درج ذیل فارم کو پر کر کے عام سالانہ اجلاس شروع ہونے کی تاریخ سے دس دن پہلے کمپنی کے رجسٹرڈ پتے پر ارسال کر دیجئے۔

اگر کسی بھی مقام پر رہائش پذیر ممبران کے اوسطاً 10% درخواست دیتے ہیں کہ انھیں اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کرنی ہے تو کمپنی ان حصص داران کیلئے اس مقام پر ویڈیو کانفرنس کا اہتمام کر سکتی ہے بشرطیکہ اس مقام یا شہر پر اس قسم کی سہولیات موجود ہوں۔

کمپنی کی جانب سے ممبران کو عام سالانہ اجلاس شروع ہونے کی تاریخ سے کم از کم پانچ دن قبل ویڈیو کانفرنس کے مقام سے آگاہ کر دیا جائے گا اور اس سلسلے میں انھیں مکمل معلومات بہم پہنچادی جائیں گی تاکہ وہ باسانی ویڈیو کانفرنس کے مقام تک رسائی حاصل کر سکیں۔

[illegible]

دستخط ممبر / ممبران

کمپنی کا نام	فولیو/سی ڈی ایس اکاؤنٹ	کل حصص	اصل حامل حصص		ابتدائی حامل حصص
			نام و قومی شناختی کارڈ نمبر	حصص کا تناسب	نام و قومی شناختی کارڈ نمبر
			(حصص کی تعداد)	(حصص کا تناسب)	(حصص کی تعداد)

مطلوبہ معلومات حصص رجسٹرار کے دفتر اس نوٹس کے دس دن کے اندر اندر لازماً پہنچ جانی چاہئیں، بصورت دیگر یہ سمجھا جائے گا کہ حصص کا تناسب اصل حامل حصص اور اجتماعی حصص داران کے مابین برابر ہے۔

7- ایسے ممبران جن کے پاس حصص جنساً موجود ہو کو چاہیے کہ اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ لے کر آئیں اور اپنا شناختی کارڈ نمبر اور فولیو نمبر ظاہر کے

علاوہ ذاتی طور پر اجلاس میں شرکت کے وقت حاضری کی شیٹ پر دستخط بھی ثبت کریں۔ اس کے علاوہ وہ ممبران جنہوں نے اپنے حصص سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں جمع کروائے ہیں کو چاہیے کہ اپنا شرکتی (Participation) شناختی نمبر اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمعہ کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی ایس اکاؤنٹ نمبر ضرور ساتھ لائیں اور ذاتی طور پر اجلاس میں شرکت کرنے کی صورت میں اجلاس کی حاضری کی شیٹ پر دستخط بھی ضرور ثبت کریں۔ کارپوریٹ ممبران کے نمائندوں کیلئے لازم ہے کہ ایس ای سی پی کی ہدایات کے مطابق مطلوبہ دستاویزات ہمراہ لے کر آئیں۔

8- کمپنی کے ایسے حصص داران جن کے پاس کمپنی کے حصص جنساً موجود ہیں کو بذریعہ ہذا ان کے ذاتی مفاد میں مطلع کیا جاتا ہے کہ جنہوں نے اب تک

کمپیوٹرائزڈ قومی شناختی کارڈ بمعہ فولیو نمبر اب تک جمع نہیں کروایا وہ جلد از جلد اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل مزکورہ بالا طریقے کے مطابق کمپنی کے حصص رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کراچی جیمبرز، حسرت موہانی روڈ کراچی (فون نمبر: 021-32424826) کو پہنچا دیں تاکہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (کمیشن) کے جاری کردہ نوٹس بحوالہ SRO 83(1)/2012 مؤرخہ 05 جولائی 2012 اور SRO 19(1) بابت 2014 مؤرخہ 10 جنوری 2014 میں مذکور لازمی شرائط کو پورا کیا جاسکے۔

اس قسم کے ممبران جنہوں نے اب تک کمپنی کے پاس اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی کارآمد نقل جمع نہیں کروائی ہے کے ناموں کی فہرست بمعہ فولیو نمبر، نام، پتہ اور کمپنی کے حصص کی تعداد جو کہ جنساً ان کے پاس موجود ہیں کو کمپنی کی ویب سائٹ [www.sangharsugarmills.com](http://www.sangharsugarmills.com) پر جاری کر دیا گیا ہے تاکہ وہاں سے متعلقہ ممبران اپنے ناموں کی موجودگی کی تصدیق کر سکیں۔

ممبران کو اس بات سے بھی مطلع کیا جاتا ہے کہ ماضی میں بھی ممبران کو بذریعہ نوٹس سالانہ عام اور غیر معمولی اجلاسوں کے ذریعے اطلاعات دی جاتی رہی ہیں جو انہیں ارسال کی گئیں اور کمپنی کی سالانہ رپورٹس میں بھی شامل کی جاتی رہی ہیں اور ان اطلاعات کو برنس ریکارڈ اور روزنامہ خبریں کراچی و لاہور میں بھی مختلف تاریخوں پر شائع کیا جا چکا ہے۔ ممبران کو ایک مرتبہ پھر اس بات کی یاد دہانی کروائی جاتی ہے کہ اگر کمپنی کو ان کی جانب سے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل بمعہ فولیو نمبر فراہم ناکامی گئی تو کمپنی کمیشن کی جانب سے لگائی گئیں مزکورہ بالا لازمی شرائط پورا کرنے سے قاصر رہے گی۔

9- ممبران کو ہدایت کی جاتی ہے کہ اگر ان کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہو تو اسکی اطلاع فوراً کمپنی کے حصص رجسٹرار کو کی جائے۔ ایسے ممبران جن کے حصص سی ڈی ایس اکاؤنٹس کے حامل ہوں کو چاہیے کہ اپنے پتے میں ہونی والی کسی تبدیلی سے متعلقہ شرکت داران (Participants) کو مطلع کریں۔

10- سی ڈی ایس اکاؤنٹ کے حاملین کیلئے لازم ہے کہ ایس ای سی پی کی جانب سے جاری کردہ سرکلر مؤرخہ 26 جنوری 2000 میں دی گئی ہدایات پر بھی عمل کریں۔



## نوٹس

1- کمپنی کے کھاتے برائے منتقلی حصص بسلسلہ حقوق نقد منافع، عام اجلاس میں شرکت اور ووٹنگ 23-01-2017 سے 31-01-2017 تک بند رہیں گے (بشمول ایام مذکورہ)۔ حصص کے جنسٹرا نسفر / سی ڈی ایس کے معاملات، وصول کی جانے والی آئی ڈیز جو کمپنی کے آخری کاروباری دن مؤرخہ 22-01-2017 کو کمپنی کے حصص رجسٹرار میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی جمیئر، حسرت موہانی روڈ کراچی کو موصول ہوئی ہوں کو بروقت تصور کیا جائے گا اور انھیں نقد منافع وصول کرنے اور اجلاس میں شرکت کی اہلیت حاصل ہوگی۔

2- کوئی بھی ممبر جو اس اجلاس میں شرکت کی اہلیت رکھتا ہو کو یہ حق حاصل ہوگا کہ اپنی جگہ کسی اور شخص کو اجلاس میں شرکت اور ووٹ ڈالنے کیلئے نامزد کر دے۔ پراکسی فارم کو قابل قبول بنانے کیلئے لازم ہے فارم کے مندرجات کو صحیح انداز سے باقاعدہ پر کیا جائے اور پر شدہ فارم کمپنی رجسٹرڈ دفتر بمقام C-27، پلاٹ نمبر 24-F، بلاک نمبر 9 کلفٹن کراچی 75600 کو اجلاس شروع ہونے سے کم از کم 48 گھنٹوں کے اندر اندر موصول ہو جائے، پراکسی فارم ان کاغذات کے ساتھ منسلک ہے۔

3- کمپیوٹرائزڈ قومی شناختی کارڈ جمع کروایا جانا ضروری ہے۔ سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ نوٹس بحوالہ SRO 779 2011 (i) مؤرخہ 18 اگست 2011 کی رو سے یہ لازم قرار دیا گیا ہے کہ کمپنی آپ کے کمپیوٹرائزڈ شناختی کارڈ کے نمبر کو آپ کے ڈیوڈنڈ وارنٹ پر پرنٹ کرے، اس لئے اگر ہمارے ریکارڈز میں آپ کا کمپیوٹرائزڈ شناختی کارڈ نمبر موجود نہیں ہے تو آپ کا ڈیوڈنڈ وارنٹ آپ کو جاری یا ارسال نہیں کیا جاسکے گا۔ ان قواعد کی پاسداری کیلئے آپ سے درخواست کی جاتی ہے کہ آپ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل اپنے شراکت دار / سرمایہ کار کو ضرور ارسال کر دیجئے اور حصص کی دستی وصولی کی صورت میں کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی کے رجسٹرار برائے حصص کو ارسال کی جائے۔

4- ممبران کو چاہیے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں کمپنی کے رجسٹرار برائے حصص کو فوراً مطلع کریں۔

5- فنانس ایکٹ 2016 مجریہ 01 جولائی 2016 کے قواعد کی رو سے منافع کی تقسیم پراکس کی کٹوتی کی شرح پر زیر دفعہ 150 بابت انکم ٹیکس آرڈیننس 2001 درج ذیل شرح کے حساب سے نظر ثانی کر دی گئی ہے:

1- کٹوتی کی شرح برائے فاکٹر @ 12.50% 2- کٹوتی کی شرح برائے نان فاکٹر @ 20.00%

ایسے ممبران جو یہ چاہتے ہیں کہ ان کے فاکٹر ہونے کی وجہ سے کمپنی ان کے نقد منافع پر انکم ٹیکس 20.00% کے بجائے 12.5% کے حساب سے کاٹے کو چاہیے کہ اگر ٹیکس دہندگان ہونے کے باوجود بھی اگر ان کا نام ایف بی آر کی ویب سائٹ پر موجود (ATL) یعنی ٹیکس دہندگان کی فہرست میں شامل نہیں ہے تو اس بات کو یقینی بنائیں کہ ان کا نام جلد از جلد اس فہرست میں شامل کر دیا جائے، بصورت دیگر ان کی آمدن بر مبنی حصص پراکس ٹیکس 12.5% کے بجائے 20.00% کے حساب سے کاٹا جائے گا۔

6- فیڈرل بورڈ آف ریونیو کی ہدایات کے مطابق انفرادی اور اجتماعی حصص داران (بصورت جوائنٹ اکاؤنٹ) دونوں پراکس کی کٹوتی فاکٹر / نان فاکٹر کے اعتبار سے الگ الگ حساب سے کی جائے گی، اس صورت میں وہ حصص داران جو اجتماعی طور پر حاملین حصص ہیں کو چاہیے کہ اصل حامل حصص اور اجتماعی حصص داران اپنے ان حصص جو ہمارے ریکارڈز میں حصص رجسٹرار کے پاس درج ہیں کے تناسب کی تفصیلات پیش کریں، ان تفصیلات کو درج ذیل انداز سے تحریری صورت میں پیش کیا جانا ضروری ہے:

دستخط شدہ بموجودگی

دستخط گواہ

دستخط گواہ

نام----- نام-----  
 پتہ----- پتہ-----  
 کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ نمبر----- کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ نمبر-----

’مزید یہ قرارداد پیش کی جاتی ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر یا کمپنی سیکرٹری کا بذریعہ ہذا اس بات کا مجاز بنایا جائے کہ وہ کمپنی کے آرٹیکلز آف ایسوسی ایشن اور متعلقہ دستاویزات میں جیسا کہ ضرورت پیش آئے میں ترمیم کر سکیں تاکہ مذکورہ بالا قرارداد میں مذکور ترمیمات بعضمن آرٹیکلز آف ایسوسی ایشن کے سلسلے میں قواعد کی رو سے سیکورٹی ایجنسیز کمیشن آف پاکستان کے پاس کاغذات جمع کروائے جاسکیں اور ان ترمیمات کو موثر اور نفاذ کے قابل بنایا جائے۔‘

### بیان زیر دفعہ 160(ا)(بی) بابت کمپنیز آرڈیننس 1984

بیان برہنہ حقائق بابت ’خصوصی معاملات‘ کو کمپنی کے 31 ویں سالانہ عام اجلاس مورخہ 31 جنوری 2017 میں پیش کیا جانا مقصود ہے، اس ضمن میں ممبران گرامی سے منظوری لی جائے گی کہ:

#### آئٹم نمبر 6 بابت ایجنڈا

سیکیورٹی اینڈ ایجنسیز کمیشن آف پاکستان کی جانب سے جاری کردہ نوٹس بحوالہ 2016 (1) SRO 470 کے نفاذ سے متعلق حصص داران سے یہ منظوری حاصل کرنا کہ کمپنی کو اس بات کی اجازت دی جائے کہ کمپنی اپنی سالانہ رپورٹ کو بذریعہ CD/DVD/USB یا کسی ایسے الیکٹرانک ذرائع سے ممبران کو ارسال کر سکے جس کی قانوناً ممانعت نا ہو۔ تاہم کمپنی اپنی ویب سائٹ پر بھی اس سلسلے میں باقاعدہ ایک درخواست فارم کی موجودگی کو ممکن بنائے گی جس کے ذریعے سے وہ ممبران درخواست دے سکتے ہیں جو CD/DVD/USB کے بجائے پرنٹ شدہ سالانہ رپورٹ حاصل کرنا چاہتے ہوں۔

مزید برآں اگر کوئی ممبر آنے والے تمام سالوں کیلئے کمپنی کی سالانہ رپورٹس کی پرنٹ شدہ نقول حاصل کرنا چاہتا ہو تو اس صورت میں اس ممبر کی اس تحریری درخواست کو بھی کمپنی تک پہنچا دیا جائے گا اور ایسی درخواست کے بعد کمپنی اس بات کی پابند ہوگی کہ آئندہ آنے والے سالوں میں اس ممبر کو سالانہ رپورٹس کی پرنٹ شدہ نقول بہم پہنچائی جائیں۔

#### آئٹم نمبر 7 بابت ایجنڈا

بابت کمپنیز (ای۔وونگ) ریگولیشنز 2016 حصص داران سے منظوری لی جانی ہے کہ کمپنی کے آرٹیکلز آف ایسوسی ایشنز میں ترمیم کے ذریعے سے کمپنی کو اس بات کی اجازت دی جائے کہ کمپنی ای وونگ کا آغاز بھی کروا سکے۔

ڈائریکٹرز مذکورہ بالا معاملے میں براہ راست یا بالواسطہ کسی قسم کی کوئی دلچسپی نہیں رکھتے ماسوائے اپنی سرمایہ کاری حد جس کی تفصیلات حصص کی ترتیب سے متعلق جدول میں پیش کر دی گئی ہے۔

بحکم بورڈ

محمد مبین عالم  
کمپنی سیکرٹری

بمقام کراچی: 10 جنوری 2017

اختیار نمبر 1

کسی دیگر شخص کو بطور پراسی متعین کرتا

میں / ہم ----- از ----- بطور ممبر سائنٹھ  
شوگر ملز لمیٹڈ حامل ----- (تعداد حصص) عام حصص بحوالہ  
رجسٹرڈ فو لیو / سی ڈی سی اکاؤنٹ نمبر ----- بذریعہ ہذا جناب ----- از  
بصورت دیگر جناب ----- از ----- کو  
اپنا / ہمارا کیل مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے (سالانہ اور / یا غیر معمولی عام اجلاس میں جیسا کہ ضرورت محسوس ہو) منعقدہ  
یا بعد میں جو بھی تاریخ اس سلسلے میں متعین کی جائے میں شرکت کر سکے۔  
تاریخ ----- مستحفظ شدہ بروز -----

## اختیار نمبر 2

ای وونجک بحوالہ کمپینیز (ای۔ وونجک) ریگولیشنز 2016

[illegible]

وخط

(دستخط کا ان نمونے دستخطوں کے مطابق ہونا ضروری ہے جو کمپنی کے پاس درج شدہ ہیں)



## نوٹس برائے عام سالانہ اجلاس

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کے حصص داران کا 31 واں عام سالانہ اجلاس بروز منگل مورخہ 31 جنوری 2017 بوقت صبح 11:30 بجے بمقام حاجی عبداللہ مسلم جمخانہ - اولڈ لابی (مسلم جمخانہ) نزد شاہین کمپلیکس، ایوان صدر، صدر ٹاؤن کراچی منعقد کیا جا رہا ہے جس میں درج ذیل امور کو زیر بحث لایا جانا مقصود ہے:

### امور معمولات

- 1- کمپنی کے غیر معمولی عام اجلاس منعقدہ 23 نومبر 2016 کی کاروائی میں زیر بحث آنے والے امور کی تحریر (minutes) کی توثیق کرنا۔
- 2- کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے سال 30 ستمبر 2016 بمعہ ڈائریکٹرز آڈیٹرز رپورٹ کو وصول کرنا، اس پر غور کرنا اور انہیں اپنانا۔
- 3- بورڈ آف ڈائریکٹرز کی جانب سے سفارش کردہ نقد منافع برائے سال 30 ستمبر 2016 کی تقسیم بلحاظ ساٹھ پیسہ (0.60 روپے) فی حصص یعنی 6% کی منظوری دینا۔
- 4- سال 2016-17 کیلئے آڈیٹرز کی تعیناتی کرنا اور ان کے مشاہرے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز کرسٹن حیدر بھی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس رینائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کیلئے اپنی اہلیت کو مد نظر رکھتے ہوئے ایک مرتبہ پھر اپنی خدمات پیش کرنے کی درخواست کی ہے۔
- 5- چئیرمین کی اجازت سے کسی دیگر امور کو زیر بحث لانا جو معمول کا حصہ ہوں۔

### امور خاص

- 6- سیکورٹی ایگنٹس کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ SRO 470(1) مورخہ 31 مئی 2016 کی بابت حصص داران کی مرضی معلوم کرنا جس کی رو سے کمپنی کے آڈٹ شدہ سالانہ اکاؤنٹس کو CD، DVD یا USB یا کسی اور الیکٹرانک ذرائع کے ذریعے سے ارسال کرنا جس کی قانوناً اجازت ہو اور درج ذیل قرارداد کو بطور عام قرارداد پاس کرنا، بمعہ تبدیلی یا تبدیلی کے بغیر:
- ’یہ قرارداد پیش کی جاتی ہے کہ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کو ممبران کے رجسٹرڈ شدہ پتوں پر پرنٹ شدہ شکل میں ارسال کرنے کے بجائے بذریعہ CD، DVD یا USB یا کسی ایسے ذرائع سے جس کی قانوناً ممانعت نا ہو ارسال کیا جائے اور یہ کہ بذریعہ ہذا اس قرارداد کی منظوری دی جاتی ہے۔‘
- ’ہمزید قرارداد پیش کی جاتی ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز کو بذریعہ ہذا اس بات کا مجاز بنایا جاتا ہے کہ وہ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کو بذریعہ CD، DVD یا USB یا کسی دیگر الیکٹرانک ذرائع جس کی قانوناً ممانعت نا ہو کے ذریعے ممبران کو ارسال کر سکیں اور یہ کہ کمپنی کے چیف ایگزیکٹو یا سیکرٹری کو بذریعہ ہذا اس بات کا مجاز بنایا جاتا ہے کہ وہ اس قرارداد کے نفاذ کیلئے جن اقدامات کو ضروری سمجھیں اٹھا سکیں۔‘
- 7- مندرجہ ذیل خصوصی قرارداد کو زیر غور لانا اور مناسب ہو تو تبدیلی کے ساتھ یا کسی تبدیلی کے بغیر اس قرارداد کو اپنانا کہ جس کے ذریعے سے کمپنی کے آرٹیکل آف ایسوسی ایشن میں آرٹیکل نمبر 52A، 52B اور 52C داخل کروا کر اس میں تبدیلی متعارف کروانا جس کے ذریعے سے اس بات کو ممکن بنایا جاسکے کہ کمپنی کے ریگولیشنز مجریہ 2016 جاری کردہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان بحوالہ SRO 43(1)/2016 کے قواعد کے مطابق کمپنی میں ای ووٹنگ کی اجازت دینا کہ:

’قرارداد پیش کی جاتی ہے اور بذریعہ قرارداد خاص کمپنی کے آرٹیکل آف ایسوسی ایشن میں آرٹیکل 52A، 52B اور 52C کو متعارف کروا کر ان میں ترمیم کی جاتی ہے:

# Directors' Report

The Directors of your Company are pleased to present Thirty First Annual Report with the Audited Financial Statements of the Company for the year ended September 30, 2016.

## ABOUT THE INDUSTRY:

### Industry Overview

Pakistan's Economy, during the Fiscal Year (FY) 2015-16, witnessed the highest Gross Domestic Product (GDP) Growth in the last eight years. The GDP during FY 2015-16 was 4.7% as compared to 4.0% in the year 2014-15 but this is less than the growth target for the FY 2015-16, which was 5.5%.

In fact, the positive impact of an improvement in growth-enabling factors, were partially offset by dismal performance of the agricultural sector during the year. Like FY 2014-15, the overall agricultural sector remained under stress in FY 2015-16, due to depressed commodity prices and unfavorable weather conditions all over the Pakistan. The agriculture sector experienced a decline during FY 2015-16 despite a better growth performance of sugarcane crops and one other crop compared to the previous year.

The Government support on output prices largely protected sugarcane growers from the impact of subdued commodity prices in the international market. The provincial governments of Sindh and Punjab announced indicative sugarcane price at Rs. 172 and Rs. 180 per 40 kg respectively, which led the domestic market price of sugar higher than the average in the global market.

Policy challenge pertained to gradual build-up of sugar stocks over the years. Specifically, the attractive support prices for sugarcane crop increased their production to levels that exceeded even their domestic consumption. Although the government offered high rebate on the export of surplus stocks, this was not sufficient to boost exports due to wide margin between domestic and international prices.

The sugarcane crop, despite missing the target of 68 million tons for the year, still posted a respectable growth of 4.2% to reach 65.5 million tons. Encouragingly, this growth stemmed from better productivity, as the area under sugarcane cultivation was reduced slightly. More importantly, market price of sugarcane crop largely remained in favour of growers, which shored up their margins as well.

The decline in sugar production, despite better sugarcane crop in FY 2015-16, can be attributed mainly to a lower recovery in sugar content compared to the last year. Specifically, mills could not offload their large carryover stock in the market in the expectation that the domestic prices will raise more. The export of sugar was not viable due to depressed prices in the international market.

The government in the federal budget 2016-17 changed the indirect tax mode from sales tax in federal excise mode to sales tax and thereafter fixed the value of sugar at Rs. 56 per kg, which now stands revised at Rs. 60 per kg for the purpose of levying sales tax. This tax is payable at the rate of 8% for registered buyers and 10% for the unregistered buyers.

## ABOUT YOUR COMPANY:

### Operating Results

A brief summary of operating results of the Company for the year ended September 30, 2016 along with the comparatives for the corresponding year is given below:

	2015-2016	2014-2015
Season started on	05-11-2015	15-11-2014
Season completed on	29-02-2016	31-03-2015
Duration of crushing Days	117	137
Sugarcane crushed M-Tons	563,617	630,317
Sugar Produced M-Tons	57,387.5	64,271
Sucrose recovery %	10.20	10.19

### Review of Operation

The crushing rate was higher by 217 Metric Tons per day and become 4,817 Metric Tons per day as compared with an average of 4,600 Metric Tons per day of the previous season.

As mentioned above, the Company operated for a shorter period of time due to lesser availability of sugarcane as compared to last year; However the Sucrose recovery is higher by 0.01% which slightly offsetting the effect of decrease in crushing to certain extent.

The Sindh Government had notified the price of sugarcane at Rs. 172 per maund for the season 2015-16, lower yields of sugarcane crop has created a shortage of sugarcane for crushing in Sindh, which led to price competition amongst the sugar mills. This resulted in increase in cost of sugarcane and pushed up the cost of production.

### Financial Results

The key financial figures of the Company for the year ended September 30, 2016 along with the comparatives for the corresponding year are summarized as under:

	2016 (Rupees in '000)	2015
Profit before taxation	11,060	89,783
Taxation	(2,893)	32,383
Profit after taxation	13,953	57,400
Earnings per share-basic and diluted (Rupees)	1.17	4.80

### Review of Financial Results

During the year under review, production is decreased by almost 10.7% and sales quantity is also decreased by 6.1% as compared with last year, the net sugar sales revenue is decreased only by 1.27%, showing an increase in average selling price.

On the other hand cost of production increased due to increase in the cost of sugar cane, low production/sale of molasses and Bagasse, even the sale of Electricity could not give much input to the cost of production.

The Profit before taxation is at decline from the previous period, the contributing factors as reported earlier are high cost of sugarcane and provision of Rs. 18,713 thousand in respect of Inland Freight Subsidy receivable from Trade Development Authority of Pakistan.

### Statement on Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, the Board of Directors hereby confirms that:

- The Financial Statements for the year ended September 30, 2016, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements and there is no departure there from
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations of the Pakistan Stock Exchange.
- The Key Operating and Financial Data for last ten years in summarized form are annexed.
- There are no statutory over dues otherwise than those disclosed in the financial statements and statutory payments due on account of taxes duties, levies and charges are being made in the normal course of business.
- An unfunded gratuity scheme is in operation for all permanent eligible employees. Provision are made annually to cover the obligation on the basis of actuarial valuation, related details of which are mentioned in the Notes to the Financial Statements.
- The Pattern of Shareholding is annexed.
- To the best of our knowledge, the Directors, Executives and their spouses and their minor children have not undertaken any trading of Company's shares during the year.
- A Statement of Compliance with the Code of Corporate Governance for the year is annexed with the Report.

**Attendance of Board of Directors in Board Meeting**

Five Board meetings were held during the year. Leave of absence was granted to the Director unable to attend the meeting. Attendance by each Director was as mentioned below:

Name of Directors	Status	No. of meeting attended
1) Mr. Ghulam Dastagir Rajar	Chairman	4
2) Haji Khuda Bux Rajar	Chief Executive	5
3) Mr. Mohammad Aslam	Director	5
4) Mr. Rahim Bux	Director	5
5) Mr. Ghulam Hyder	Director	5
6) Mr. Qazi Shamsuddin	Director	3
7) Mr. Shahid Aziz	Director (N.I.T)	5

**Attendance of Members in Meeting of Audit Committee**

Five meetings of Audit Committee were held during the year. Attendance by each Member was as mentioned below:

Name of Directors	Status	No. of Meetings Attended
1) Mr. Rahim Bux	Chairman	5
2) Mr. Shahid Aziz	Member	5
3) Mr. Mohammad Aslam	Member	5

**Attendance of Members in Meeting of Human Resource & Remuneration (H. R. & R.) Committee**

Two meetings of H. R. & R. Committee were held during the year. Attendance by each Member was as mentioned below:

Name of Directors	Status	No. of Meetings Attended
1) Mr. Rahim Bux	Chairman	2
2) Mr. Muhammad Aslam	Member	2
3) Mr. Shahid Aziz	Member	2

**Attendance of Members in Meeting of Information Technology Committee**

Two meetings of Information Technology Committee were held during the year. Attendance by each Member was as mentioned below:

Name of Members	Status	No. of Meetings Attended
1) Mr. Ghulam Hyder	Chairman	2
2) Syed Rehan Ahmad Hashmi	Member	2
3) Mr. Muhammad Ahmed	Member	2

**Board Evaluation**

Complying with the Code of Corporate Governance, the Board approved Self-Evaluation mechanism for evaluation of performance of the Board, its directors and committees through discussion and questions focusing on the Board's scope, objectives, functions, responsibilities, the Company's performance and monitoring. The Board has evaluated all the factors based on the inputs of the Directors made in the Board Meeting.

**Threshold for determining Executive**

Pursuant to the requirement of Clause xvi (i) of the Code of Corporate Governance, the Board has revised and set out a Threshold for determining an 'Executive' in respect of trading of Company's shares. The person whose annual basic salary exceeds Rupees 2.1 million during the year commencing from October 01, 2015 upto the next period is treated as executive..

**Related Party Transactions**

Related party transactions were placed before the Board Audit Committee and were approved by the Board. These transactions were in-line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Ordinance, 1984. The Company maintains a thorough and complete record of all such transactions.

**Materiality Approach**

Determining materiality levels is subjective and varied between organizations. Authorizations for transactions and delegation of powers have been define clearly and carried out through formalized process in the Company. The Company has approved materiality policy, which is reviewed annually to check its relevance.

### Human Resource Management & Succession Planning

The Company is committed to build the better organizational culture that is shaped by empowered employees who demonstrate a deep belief in the Company's Vision and Values. H.R. Management Policy is integral part of the Company's business strategy. The Company fosters leadership, individual accountability and team work. The Company believes in pro-active approach towards Succession Planning. The Company recruits employees, develops their knowledge, skills, abilities and prepares them for advancement and promotion into more challenging roles. Succession Planning ensures that employees are constantly developed to fill each needed role. The Company looks for people who exemplify continuous improvement when it is spotting Successors for future.

### Conflict of Interest

The management of Company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid, identify the existence and to disclose the existence of conflict of interest. The primary goal of Company is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. The Company has set the procedures to manage and monitor the conflict of interest.

### Sustainability & Corporate Social Responsibility

Sanghar Sugar Mills Limited (the Company) acknowledges its social and ethical responsibility to carry out its business in order to keep it safe and protect it for the generations to come. Sustainability Policy is considered to be essential for continuing of the business at Sanghar Sugar Mills Limited. The Company considers itself accountable to its stakeholders and informs them about the initiative and measures taken to ensure sustainability and has identified the following dimensions of performing social responsibilities which contributing to economy, environment, health, education and society.

- i. To support the sugarcane growers of the area and provide better quality seeds and fertilizers to achieve improvement in quality of sugarcane and enhance its quantity and productivity in order to have regular, constant and better supply in future the major basic raw material for sugar mills.
- ii. To alleviate illiteracy in the rural areas of the Country, the Company has launched education program and is providing education facilities at the premises adjacent to the Mills' Employees' Colony by the well experienced and trained staff on concessional basis to the children of the factory employees and persons living nearby in rural areas.
- iii. To follow consciously the needs of the Society concerning health, safety and environment for achieving the objective. The Company is responsive to make efforts to minimize the accidental risks, have necessary medical facilities and continuously strive to improve greenery and maintain clean and safe environment around the Mills, better housekeeping, safeguarding the health of employees and application of the principles of safety in its operations, the consumers and public at large by following the rules and regulations in this regard.
- iv. The Company's efforts have primarily on improving the social conditions of the Communities and employees related to the Company by establishing fair working conditions, ensuring occupational safety, setting social standard, establishing minimum wages, zero tolerance on child labour and forced labour etc.
- v. The Company is continuously striving to improve greenery, maintaining clean environment around the mills and better house-keeping.
- vi. To encourage employment of workforce living in the rural areas in order to yield significant gain and uplift their living standard.
- vii. The Company treats all employees fairly and compensates them according to the industry practice. The Company provides the benefits such as perquisites, annual leaves, pick and drop, facility of mess, safe and healthy working conditions etc along-with group insurance, making payments to Employees Old Age Benefits Institution, Employees Welfare Fund, Worker's Profit Participation Funds.
- viii. The Company is committed to maintaining the principles of integrity and trust with respect to privacy of the employees of the Company.
- ix. The Company made donations amounting to Rs. 1,200 thousand during the year as compared to Rs. 1,156 thousand during the last year. These donations do not include any amount paid to any person or organization in which any director or their spouse had any interest.

### Contribution to National Exchequer

The Company is contributing to the National growth by sharing its revenue with the nation in the form of taxes, rates and duties. The Company is also contributing the Country to improve foreign reserves by earning foreign currency through exports of sugar as and when allowed. The Company contributed to National Exchequer in the form income taxes, sales tax and other levies amounting to Rs. 222,324 thousand during the year as compared to Rs. 255,818 thousand during the last year.



**Subsequent Event After the Year End****Donation of Land:**

The Company reviews its Corporate Social Responsibility by taking various measures to ensure its contribution to health and making efforts to minimize the accidental risks, have necessary medical facilities to safeguard the health of its employees and the society. In order to improve and extend Health Facilities for its employees, besides rural people living in the vicinity of Sanghar Sugar Mills in Sanghar, the Company has deliberated Ministry of Overseas Pakistanis & Human Resources Development, Workers Welfare Fund, Government of Pakistan, Islamabad, which has expressed its willingness to construct Fifty Beds Hospital by Workers Welfare Fund on the premises of Sanghar Sugar Mills in Sanghar, if the Company is ready to donate (free of cost and any charge or mortgage) Five Acres Land and transfer its Title to Workers Welfare Fund, Ministry of Overseas Pakistanis & Human Resource Development, Government of Pakistan.

On November 23, 2016, the shareholders of the Company approved the Board of Directors proposal in the Extra Ordinary General Meeting that the donation (free of cost and any charge or mortgage) and Transfer 05 Acres Land valuing Rs. 2.5 million, out of 320 Acres Land of the Company in Sanghar. The details are given in note 44.1 of the financial statements

In order to implement the Agreements with the Ministry of Overseas Pakistanis & Human Resource Development, Workers Welfare Fund, Government of Pakistan, Islamabad, for the purpose of construction of Fifty Beds Hospital on the above said Land in the vicinity of Sanghar Sugar Mills located in Sanghar, the formalities of transfer of Land and other documentation is in process till date.

**Appointment of Company Secretary:**

After the year end, Company Secretary Mr. Abdul Ghafoor Ateeq, resigned, which was accepted with effect from 1st day of December 2016 as requested by him. Thereafter, Mr. Muhammad Mubeen Alam appointed as Company Secretary in place of Mr. Abdul Ghafoor Ateeq, with effect from December 06, 2016 as approved by the Board of Directors through resolution by circulation, which was subsequently ratified by the Board of Directors.

**Future Prospects**

Crushing season 2016-17 is started on scheduled time. The expected increase in availability of sugarcane and in turn production of sugar may results in surplus stock at the end of season. The approval of export by Economic Coordination Committee may offset the impact of surplus sugar stock in the country.

As reported earlier, the capacity expansion work is in progress and your management is working hard to make the trial run during the current season.

**Dividend**

The Board of Directors of the Company in its meeting held on January 07, 2017 has decided to recommend to pay cash dividend at Paisa Sixty only (Rs. 0.60) per share i.e. 6% for the year ended September 30, 2016 (2015: Cash Dividend at Rs. 2/- per share i.e. 20%).

**Appropriation**

Final Dividend for the year ended September 30, 2015 @ Rs. 2/- per share, declared by Board of Directors and subsequently approved during the year in Annual General Meeting. An amount of Rs. 23,892 thousand was appropriated during the year against the dividend paid to shareholders of the Company. The appropriation is disclosed in the statement of Changes in Equity.

**Auditors**

The present Auditors M/s. Kerston Hyder Bhimji & Co. Chartered Accountants retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2017.

**Acknowledgement**

Your Directors place on record their appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affair and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah.

The Directors would like to thank all the government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.

For and on behalf of the Board of Directors

Karachi: January 07, 2017

**Chief Executive**

## اظہار تشکر

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کے تمام ایگزیکٹو، افسران، ملازمین اور ورکروں کا تہہ دل سے شکریہ ادا کرتے ہیں کہ انہوں نے فرض شناسی، اخلاص اور سخت محنت کا مظاہرہ کرتے ہوئے کمپنی کے تمام معاملات کو مستعدی کے ساتھ سرانجام دیا ہے اور امید کرتے ہیں کہ آئندہ بھی کمپنی کی پیداواری صلاحیتوں میں اضافے کیلئے یہ سب مل کر اللہ رب العزت کی مہربانی خاص سے اسی جوش و جذبے کا مظاہرہ کریں گے۔

ڈائریکٹرز ان تماسرکاری اہلکاروں، بینکاروں، غیر بینکاری اداروں، سپلائروں اور حصص دارن کے بھی تہہ دل سے مشکور ہیں جن کا تعاون اور حمایت ہمیشہ کمپنی کی بہتری اور ترقی کیلئے شامل حال رہا۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

بمقام کراچی: 07 جنوری 2017

وزارت اور سیز پاکستانی و ترقی برائے انسانی وسائل، ورکرز ویلفیئر فنڈ ز حکومت پاکستان اسلام آباد کے ساتھ پچاس بستروں پر مشتمل ہسپتال کی تعمیر کے معاہدے کی تکمیل کیلئے ساکنگ شوگر ملز کے احاطے میں زمین ٹرانسفر کئے جانے کے معاملات تا حال تکمیل کے مراحل میں ہیں اور اس سلسلے میں کاغذات کی کارروائی مکمل کی جا رہی ہے۔

### کمپنی سیکرٹری کی تعیناتی

سال کے اختتام کے بعد کمپنی سیکرٹری جناب عبدالغفور عتیق نے استعفیٰ پیش کر دیا، ان کا استعفیٰ یکم دسمبر 2016 سے انکی درخواست کے مطابق قبول کر لیا گیا۔ بعد ازاں جناب محمد مبین عالم کو جانب عبدالغفور عتیق کی جگہ 6 دسمبر 2016 سے کمپنی کے سیکرٹری کے بطور تعینات کر دیا گیا، اس تعیناتی کے سلسلے میں بذریعہ قرارداد بطریق ریزولوشن بورڈ آف ڈائریکٹرز سے منظوری حاصل کر لی گئی تھی اور بعد میں بورڈ آف ڈائریکٹرز نے اس کی باقاعدہ توثیق بھی کر دی۔

### مستقبل کے مواقع

پہائی کا سیزن برائے سال 2016-17 اپنے وقت پر شروع ہو چکا ہے۔ گنے کی فصل کی وافر پیداوار اور اس کے نتیجے میں چینی کی وافر پیداوار کو مد نظر رکھتے ہوئے امید کی جاسکتی ہے کہ سیزن کے اختتام پر چینی کا ذخیرہ طلب سے زیادہ ہوگا، ہو سکتا ہے کہ اکانامک کوآرڈینیشن کمیٹی کیا اجازت چینی کی برآمد کی جائے اور اس برآمد کی وجہ کی بدولت طلب سے زائد ذخیرے کو کنٹرول کرنے میں مدد مل جائے۔ جیسا کہ پہلے اس بات کا ذکر کیا جا چکا ہے پیداواری صلاحیت کو بڑھانے کا کام زیر تکمیل ہے اور آپکی کمپنی کی انتظامیہ اس بات کا مصمم ارادہ رکھتی ہے کہ اس سیزن 2016-17 میں پیداوار بڑھانے کی آزمائش شروع کر دی جائے گی۔

### منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 07 جنوری 2017 نقد منافع برائے سال 30 ستمبر 2016 بحساب ساٹھ پیسہ (0.60 روپے) یعنی 6% فی حصص دینے کی سفارش کی ہے۔ (برمطابق 2015: نقد منافع 2 روپے فی حصص یعنی 20%)

### رقم کی تخصیص

حتمی منافع برائے سال 30 ستمبر 2015 بحساب 2 روپے فی حصص کا اعلان بورڈ آف ڈائریکٹرز نے منظور کیا تھا اور بعد ازاں عام سالانہ اجلاس میں اس کی منظوری بھی حاصل کر لی گئی تھی۔ حصص داران کو ادا کئے جانے والے نقد منافع کی مد میں دوران سال 23,892 ہزار روپے کی رقم مختص کی گئی تھی۔ سرمایہ برقی حصص میں رد و بدل کی دستاویز میں مختص شدہ اس رقم کا ذکر کیا جا چکا ہے۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز کرشنن حیدر بھیجی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس تک ریٹائر ہو رہے ہیں اور اہلیت کے حامل ہونے کی وجہ سے انہوں نے اپنی خدمات دوبارہ پیش کرنے کی درخواست کی ہے۔ کوڈ آف کارپوریٹ گورننس کے قواعد کے مطابق آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے انکی دوبارہ تعیناتی بطور کمپنی آڈیٹرز برائے سال 30 ستمبر 2017 کیلئے سفارش کی ہے۔

vii - کمپنی اپنے تمام ملازمین کے ساتھ جائز سلوک روا رکھتی ہے اور انھیں شوگر کی صنعت میں رائج معیارات کے مطابق مشاہرہ فراہم کرتی ہے۔ نیز کمپنی کی جانب سے سالانہ چھٹیاں، کام پر لانے اور لے جانے کیلئے ٹرانسپورٹ، طعام اور بہتر اور صحت افزاء ماحول میں کام کرنے جیسی سہولیات بھی فراہم کی جاتی ہیں اور ان سہولیات کے علاوہ ملازمین کیلئے گورپ انشورنس، اولڈ ایج پیفٹ، ایمپلائز ویلفیئر فنڈ اور ورکرز پرافٹ پارٹیشن فنڈ جیسی مالیاتی سہولیات کا بندوبست بھی کیا گیا ہے۔

viii - کمپنی اس بات پر یقین رکھتی ہے کہ ملازمین کے ساتھ اس کے معاملات ایمانداری اور بھروسے کے اصولوں پر مبنی ہوں اور یہ کہ ملازمین کی نجی زندگی میں دخل اندازی نہیں ہونی چاہیے۔

ix - کمپنی نے رواں سال کے دوران 1,200 ہزار کے عطیات فراہم کئے ہیں جبکہ گزشتہ سال فراہم کئے جانے والے عطیات کی مالیت 1,156 ہزار روپے تھی۔ ادا کی گئی ان رقم میں ایسی کوئی رقم شامل نہیں ہے جو کسی ایسے شخص یا ادارے کو دی گئی ہو جس سے کسی ڈائریکٹر یا انکے ازواج کا کوئی مفاد وابستہ ہو۔

### قومی خزانے میں حصہ

کمپنی اپنی آمدن سے ٹیکسوں، ریٹس اور ڈیوٹیز کی صورت میں قومی خزانے میں اپنا حصہ ملا کر قومی ترقی میں اپنا کردار ادا کر رہی ہے۔ اس کے علاوہ جب کبھی بھی حکومت کی جانب سے اجازت دی گئی کمپنی نے بیرون ملک چینی کی برآمد سے وطن عزیز کے لئے قیمتی زرمبادلہ بھی کمایا۔ کمپنی نے انکم ٹیکس، سیلز ٹیکس اور دیگر ٹیکسوں کی مدد میں قومی خزانے میں دوران سال رواں 222,324 ہزار روپے کی خلیفہ رقم جمع کروائی، جبکہ گزشتہ سال اس مد میں کمپنی کی جانب سے 255,818 ہزار روپے قومی خزانے میں جمع کروائے گئے تھے۔

### سال کے اختتام کے بعد چند اہم واقعات

#### زمین کا عطیہ

کمپنی اپنی کارپوریٹ معاشرتی ذمہ داریوں کا جائزہ لیتی رہتی ہے اور اس سلسلے میں صحت کا معیار کا بلند کرنے، کام کے دوران خطرات کو کم کرنے سے متعلق اقدامات، ملازمین کی اور معاشرے کے دیگر افراد کی صحت سے متعلق اہم ادویات کی فراہمی جیسے اقدامات کا جائزہ لیا جاتا ہے تاکہ اس سلسلے میں کی جانے والی کوششوں کو بار آور بنایا جاسکے۔ ساٹھ شوگر ملز کے قرب وجوار کے دیہاتوں میں آباد لوگوں کے علاوہ کمپنی کے ملازمین کو صحت سے متعلق بہتر سہولیات بہم پہنچانے اور ان سہولیات میں اضافہ کرنے کی غرض سے کمپنی نے وزارت اویسر پاکستانی ترقی و برائے انسانی وسائل، ورکرز ویلفیئر فنڈ، حکومت پاکستان اسلام آباد سے بات کی ہے اور انھوں نے اس بات رضامندی ظاہر کی ہے کہ ورکرز ویلفیئر فنڈ سے ساٹھ شوگر ملز کے احاطے میں پچاس بستر پر مشتمل ایک ہسپتال تعمیر کیا جائے اگر کمپنی اس سلسلے میں (مفت اور کسی رہن کی شرط کے بغیر) پانچ ایکڑ زمین عطیہ کرنے کیلئے تیار ہو اور اس زمین کو ورکرز ویلفیئر فنڈ، وزارت اویسر پاکستانی ترقی و برائے انسانی وسائل حکومت پاکستان اسلام آباد کے نام ٹرانسفر کرنے کیلئے تیار ہو۔

کمپنی کے حصص داران نے غیر معمولی عام اجلاس میں 23 نومبر 2016 کو بورڈ ڈائریکٹرز کے اس فیصلے کی منظوری دے دی کہ ساٹھ ملز میں کمپنی کی کل زمین 1320 ایکڑ میں سے پانچ ایکڑ زمین (مفت اور کسی رہن کی شرط کے بغیر) جس کی مالیت 2.5 بلین روپے بنتی ہے عطیہ کر دی جائے۔ اس ضمن میں تفصیلات مالیاتی دستاویزات کے نوٹس نمبر 1، 44 میں بیان کر دی گئی ہیں۔



فیصلوں میں کسی قسم کا کوئی متعصبانہ عنصر ناپایا جاتا ہو۔ اس مقصد کو حاصل کرنے کی غرض سے کمپنی نے مفادات کے ٹکراؤ سے نمٹنے اور ان پر نظر رکھنے کیلئے باقاعدہ ایک نظام وضع کر رکھا ہے۔

### کارپوریٹ معاشرتی ذمہ داری اور مستقل مزاجی

سائیکسٹروگرملز لمیٹڈ (کمپنی) کو اپنی کارپوریٹ معاشرتی اور اخلاقی ذمہ داری کا پوری طرح احساس ہے اور یہ کہ یہ کاروباری افعال آنے والی نسلوں کی امانت ہیں جنہیں انکے لئے محفوظ رکھنا کمپنی کی ذمہ داریوں میں شامل ہے۔ سائیکسٹروگرملز لمیٹڈ کے کاروباری افعال کو جاری ساری رکھنے کی غرض سے پالیسی میں مستقل مزاجی کو برقرار رکھنا ایک انتہائی اہم جزو ہے۔ کمپنی کو اس بات کا پوری طرح احساس ہے کہ کمپنی اپنے تمام شراکت داروں کے سامنے جوابدہ ہے اسی لئے کمپنی اپنی پالیسیوں میں مستقل مزاجی سے متعلق اٹھائے جانے والے اقدامات سے انہیں آگاہ بھی رکھتی ہے تاکہ اس مستقل مزاجی میں دوام پیدا کیا جاسکے، کمپنی کی جانب سے اس سلسلے میں کئی جہتوں کا انتخاب کیا گیا ہے جن میں معیشت، ماحولیات، صحت، تعلیم اور معاشرتی ذمہ داریاں شامل ہیں۔

i گئے کے مقامی کاشتکاروں کی امداد کرنا اور انہیں بہتر معیار کے بیج اور کھاد فراہم کرنا تاکہ گئے کی فصل کے معیار اور مقدار میں اضافے کو ممکن بنایا جاسکے تاکہ اس کی بنیاد پر شوگر ملوں کیلئے مستقبل میں بہتر، وافر اور مستقل خام مال کی فراہمی کو ممکن بنایا جاسکے۔

ii وطن عزیز کے دیہی علاقوں سے جہالت کا خاتمہ کرنا، اس سلسلے میں کمپنی ایک تعلیمی پروگرام کا آغاز کر چکی ہے اور اس پروگرام کے تحت کمپنی کی جانب سے ملازمین کا کالونی سے متصل مقامات پر تعلیمی سہولیات فراہم کی جارہی ہیں جہاں ماہر اساتذہ کی زیر نگرانی رعایت کی بنیاد پر کمپنی کے ملازمین کے بچوں اور ارد گرد کے علاقوں میں آباد لوگوں کے بچوں کو تعلیم دی جارہی ہے۔

iii معاشرے کی صحت اور ماحولیات سے متعلق اہم ضروریات پر گہری نظر رکھنا تاکہ اس سلسلے میں اپنی ذمہ داریوں سے نبرد آزما ہوا جاسکے۔ کمپنی حادثات کو شرح کو کم کرنے کی غرض سے پوری استعداد کے ساتھ اپنے ذرائع بروئے کار لارہی ہے، اس سلسلے میں اہم ادویات کی کو فراہمی کو ممکن بنایا گیا ہے، ملوں کے احاطے میں سبزے اور صفائی ستھرائی کا خاص اہتمام کیا گیا ہے، ملازمین کی صحت سے متعلق ضروری اقدامات اٹھائے گئے ہیں اور کاروباری افعال کو سرانجام دینے کیلئے حفاظتی اقدامات کا اہتمام کیا جاتا ہے اور اس بات کا خیال رکھا جاتا ہے کہ ان اقدامات کا فائدہ کلی طور پر عوام الناس اور صارفین تک بھی پہنچایا جائے۔

iv کمپنی کی کاشتوں کا مرکز و محور بنیادی طور پر یہ ہے کہ کمپنی سے منسلک ملازمین اور کمیونٹیوں کے معیار زندگی کو بلند کیا جائے اور اس ضمن میں کاروباری افعال سرانجام دینے کے ماحول میں بہتری لائی جائے، ملازمین کیلئے کام کے ماحول میں حفاظتی اقدامات کو ممکن بنایا جائے، معاشرتی معیارات کا تعین کیا جائے، کم از کم اجرت کے جراثیم کو ممکن بنایا جائے، بچوں سے مشقت لینے کے سلسلے میں سمجھوتے کو ناممکن بنایا جائے اور جبری مشقت کا قلعہ قمع کیا جائے۔

v کمپنی مسلسل کوشش کرتی رہتی ہے کہ ملوں میں اور ارد گرد کے ماحول میں سبزے کی مقدار کو بڑھایا جائے، ماحول کو صاف رکھا جائے اور نظم نسق کے نظام کو بہتر بنایا جائے۔

vi دیہی علاقوں میں رہنے والے لوگوں کو روزگار کے موقعوں سے فائدہ اٹھانے کیلئے مائل کرنا تاکہ ان موقعوں کی وجہ سے ان کی زندگیوں میں بھی تبدیلی آئے اور ان کا معیار زندگی بلند ہو۔



## ایگزیکٹو کے تعین کی بنیاد

کوڈ آف کارپوریٹ گورننس کی شق نمبر (i) XVI کے مطابق بورڈ نے ایگزیکٹو کا تعین کرنے کی غرض سے ایک بنیاد فراہم کی ہے تاکہ کمپنی کے حصص کی ٹریڈنگ کے معاملات شفاف انداز سے نمٹائے جاسکیں۔ کوئی بھی شخص (ایگزیکٹو) جس کی سالانہ بنیادی تنخواہ مالی سال 01 اکتوبر 2015 کے آغاز سے اگلے دورائے تک 2.1 ملین روپے سے تجاوز کر جائے، اگلے سال بورڈ کی جانب سے اس سلسلے میں نظر ثانی کی جائے گی جب بھی ضروری سمجھا جائے۔

## متعلقہ پارٹیوں سے معاملات

متعلقہ پارٹیوں سے کئے گئے معاملات کو بورڈ کی آڈٹ کمیٹی کے سامنے غور کیلئے پیش کیا گیا اور اس سلسلے میں بورڈ سے منظوری بھی حاصل کی جا چکی ہے۔ ان معاملات میں بین الاقوامی مالیاتی معیارات (IFRS) اور کمینیز آرڈیننس 1984 کے قواعد و ضوابط کا پورا پورا لحاظ رکھا گیا ہے، کمپنی اس نوعیت کے تمام معاملات کا جامع ریکارڈ رکھتی ہے۔

## اہمیت کا معیار

کسی بھی شے کی اہمیت کا اندازہ لگانا اس شے سے متعلق شخص کی سوچ پر منحصر ہے اور اہمیت کا معیار ہر ادارے میں مختلف ہو سکتا ہے۔ معاملات کی توثیق اور انتقال اقتدار کو باقاعدہ ایک رسمی نظام کے ضوابط کے تحت آپکی کمپنی میں واضح انداز سے بیان کیا جا چکا ہے۔ کمپنی میں اہمیت کے معیار پر بھی ایک واضح منظور شدہ پالیسی موجود ہے، اس پالیسی کو عصری تقاضوں سے ہم آہنگ رکھنے کی غرض سے سالانہ بنیادوں پر اسے پرکھا جاتا ہے۔

## انسانی وسائل کا نظم اور منصوبہ بندی برائے جانشینی

کمپنی اپنے کلچر کو بہتر سے بہتر بنیادوں پر استوار کرنے مصمم عزم کئے ہوئے ہے، ایک ایسا کلچر جہاں ان ملازمین کو زیادہ سے زیادہ مقدر بنایا جائے جو کمپنی کے تصور اور اقتدار سے مکمل طور پر ہم آہنگی رکھتے ہیں۔ انسانی وسائل کے نظم سے متعلق پالیسی کمپنی کی کاروباری حکمت عملی کا جزو لا ینفک ہے۔ کمپنی میں ایسا ماحول پروان چڑھایا گیا ہے جہاں لیڈرشپ کو پنپنے کو موقع ملے اور افراد میں اجتماعی اور انفرادی طور پر خود احتسابی کا جذبہ موجود ہو، کمپنی جانشینی کے منصوبے کو آگے بڑھانے کے سلسلے میں اقدامی منصوبہ بندی پر یقین رکھتی ہے۔ کمپنی ملازمین کو بھرتی کرنے کے ساتھ ساتھ ان کی مہارتوں اور قابلیتوں کو پروان چڑھانے پر بھرپور توجہ دیتی ہے تاکہ وہ آنے والے وقتوں میں بڑے چیلنجز سے برآز ماہونے کیلئے ہمہ تن تیار رہیں۔ منصوبہ جانشینی کے تحت اس بات کو یقینی بنایا جاتا ہے کہ ملازمین کی تربیت مستقل بنیادوں پر کی جاتی رہے تاکہ وقت پڑنے پر انھیں کوئی ایسی ذمہ داری سونپی جاسکے جہاں انکی ضرورت محسوس ہو، کمپنی ہمیشہ ایسے افراد کی تلاش میں رہتی ہے جو ہمہ تن بہتر سے بہتر بننے کیلئے خود کو پیش کرتے ہیں اور ایسے افراد کو مستقبل میں اہم ذمہ داریوں کیلئے منصوبہ جانشینی کے تحت نظر میں رکھا جاتا ہے۔

## مفادات کا نگرار

کمپنی کی انتظامیہ کی جانب سے مفادات کے ایسے نگرار جو حقیقت میں سامنے آتے رہتے ہیں اور جن کے پیدا ہونے کے امکانات موجود رہتے ہیں کے حل کیلئے ایک جامع پالیسی موجود ہے۔ اس پالیسی کے تحت ایسے اقدامات کئے جاتے رہتے ہیں کہ مفادات کے ان نگرار کی نشاندہی کی جائے اور پھر انھیں سامنے لایا جائے۔ مفادات کے نگرار کو کنٹرول میں رکھنے کی غرض سے کمپنی کی بنیادی پالیسی تو یہ ہے کہ مناسب اور قانونی بنیادوں پر فیصلے کئے جائیں اور ان

### آڈٹ کمیٹی کے ممبران کی اجلاسوں میں حاضری:

دوران سال رواں آڈٹ کمیٹی کے پانچ اجلاس منعقد کئے گئے، ان اجلاسوں میں ممبران کی حاضری سے متعلق تفصیلات ذیل میں پیش خدمت ہیں:

نمبر شمار	ڈائریکٹروں کے نام	عہدہ	اجلاسوں میں حاضری
1	جناب رحیم بخش	چیرمین	5
2	جناب شاہد عزیز	ممبر	5
3	جناب محمد اسلم	ممبر	5

انسانی وسائل و ادائیگیوں سے متعلق کمیٹی (ایچ آر اینڈ آر) کے ممبران کیا اجلاسوں میں شرکت

انسانی وسائل و ادائیگیوں سے متعلق کمیٹی کے دوران سال رواں دو اجلاس منعقد کئے گئے۔ تمام ممبران کی ان اجلاسوں میں شرکت سے متعلق حاضری ذیل میں پیش خدمت ہے:

نمبر شمار	ڈائریکٹروں کے نام	عہدہ	اجلاسوں میں شرکت
1	جناب رحیم بخش	چیرمین	2
2	جناب محمد اسلم	ممبر	2
3	جناب شاہد عزیز	ممبر	2

انفارمیشن ٹیکنالوجی سے متعلق کمیٹی کے اجلاسوں میں حاضری

انفارمیشن ٹیکنالوجی کی کمیٹی کے دوران سال رواں دو اجلاس منعقد کئے گئے، ان اجلاسوں میں ممبران کی حاضری ذیل میں پیش خدمت ہے:

نمبر شمار	ممبران کے نام	عہدہ	اجلاسوں میں حاضری
1	جناب غلام حیدر	چیرمین	2
2	سید رحمان احمد ہاشمی	ممبر	2
3	جناب محمد احمد	ممبر	2

### بورڈ کی جانچ

کوڈ آف کارپوریٹ گورننس کے قواعد کی پاسداری کرتے ہوئے بورڈ کی جانب سے خود احتسابی پر مبنی جانچ کا ایک نظام وضع کیا گیا ہے تاکہ بورڈ، اس کے ڈائریکٹروں اور کمیٹیوں کا بذریعہ مباحث اور سوالات کا کردگی کا جائزہ لیا جاسکے، اس جائزے میں تمام تر توجہ بورڈ کے وظائف، مقاصد، افعال، ذمہ داریوں کمپنی کی کارکردگی اور مانیٹرنگ پر مرکوز رکھی جانی مقصود ہے۔ بورڈ کی جانب سے اس سلسلے میں ان تمام کاوشوں کو جانچ کے تحت زیر غور لایا جاتا ہے جو کہ بورڈ کے ڈائریکٹروں کی جانب سے کی جاتی ہیں۔

- iv- مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔ اس ضمن میں کسی قسم کی روگردانی نہیں کی گئی ہے۔
- v- اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔
- vi- ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر کمپنی کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو کہ کمپنی اپنا وجود برقرار رکھ پائے۔
- vii- پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد میں مذکور کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔
- viii- کمپنی کے کاروباری افعال اور مالیاتی نتائج سے متعلق دس سالہ اہم معلومات کا خلاصہ رپورٹ کے ساتھ ضمیمے میں منسلک ہے۔
- ix- کمپنی کے ذمے قانوناً واجب الادا ادائیگیاں نہیں ہیں ماسوائے ان کے جن کا ذکر مالیاتی رپورٹ میں کیا جا چکا ہے اور ان واجب الادا ادائیگیوں کے جو کہ ٹیکسوں اور اس قسم کی دیگر ادائیگیوں کے ضمن میں ادا کئی جاتی ہیں جو کہ کاروبار کا عام حصہ ہیں۔
- x- غیر برہنی فنڈ ریزی جو بیٹی اسکیم کمپنی میں مستقل ملازمین کیلئے جاری شدہ ہے۔ تخمینوں کی بنیاد پر اس اسکیم میں ہر سال کمپنی کی جانب سے اپنی ذمہ داریاں ادا کرنے کی غرض سے ایک خاص رقم جمع کروائی جاتی ہے، اس اسکیم سے متعلق معلومات مالیاتی دستاویزات کے متعلقہ نوٹس میں مذکور ہیں۔
- xi- کمپنی کی بابت ترتیب حصص داری کی جدول کو بھی سالانہ رپورٹ کا حصہ بنایا گیا ہے۔
- xii- ہمارے بہترین علم کے مطابق کمپنی کے ڈائریکٹروں، چیف ایگزیکٹو اور ان کے ازواج اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں کسی قسم کی کوئی اور لین دین دوران سال رواں نہیں کی گئی۔
- xiii- کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق سال رواں کے ضمن میں بیان کو بھی رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

### بورڈ آف ڈائریکٹرز کی بورڈ کے اجلاسوں میں حاضری

دوران سال رواں بورڈ کے پانچ اجلاس منعقد کئے گئے، ان ڈائریکٹروں کو ان اجلاسوں سے رخصت دے دی گئی تھی جو ان اجلاسوں میں شرکت کرنے سے قاصر رہے، ہر ڈائریکٹر کی حاضری کی بابت تفصیلات درج ذیل ہیں:

نمبر شمار	ڈائریکٹروں کے نام	عہدہ	اجلاسوں میں شرکت
1	جناب غلام دستگیر راجر	چیرمین	4
2	حاجی خدا بخش راجر	چیف ایگزیکٹو	5
3	جناب محمد اسلم	ڈائریکٹر	5
4	جناب رحیم بخش	ڈائریکٹر	5
5	جناب غلام حیدر	ڈائریکٹر	5
6	جناب قاضی شمس الدین	ڈائریکٹر	3
7	جناب شاہد عزیز	ڈائریکٹر (این آئی ٹی)	5



## مالیاتی نتائج

کمپنی کے مالیاتی نتائج بابت مالی سال 30 ستمبر 2016 کا خلاصہ بعد تقابلی جائزہ بلحاظ متعلقہ عرصہ ذیل میں آپکی خدمت میں پیش کیا جا رہا ہے:

2015	2016	
روپے ہزاروں میں		
89,783	11,060	منافع قبل از ادائیگی ٹیکس
(32,383)	(2,893)	ٹیکس
57,400	13,953	منافع بعد از ادائیگی ٹیکس
4.80	1.17	آمدن فی حصص - بنیادی و تھیلی

## مالیاتی نتائج کا جائزہ

دوران سال رواں پیداوار میں تقریباً 10.7% کی کمی ریکارڈ کی گئی ہے اور اسی نسبت سے فروختگی کے حجم میں بھی گزشتہ سال کے مقابلے میں 6.1% کی کمی واقع ہوئی ہے، اس طرح چینی کی فروخت سے حاصل ہونے والی کل آمدن 1.27% کم رہی، جبکہ چینی کی قیمت فروخت میں اور۔ طاً اضافہ ریکارڈ کیا گیا ہے۔

جبکہ دوسری جانب پیداوار کی لاگت میں اضافہ ریکارڈ کیا گیا ہے جس کی اصل وجہ گنے کے نرخوں میں اضافہ تھا اور اس کے علاوہ راب کی پیداوار اور فروختگی میں بھی کمی رہی تھی کہ بجلی سے فروخت سے حاصل ہونے والی آمدن بھی پیداوار کی بڑھتی ہوئی لاگت کے اثرات کو ختم کرنے میں معاون ثابت نہ ہو سکی۔

منافع بعد از ادائیگی ٹیکس میں بھی گزشتہ سال کے مقابلے میں کمی کارخانہ ریکارڈ کیا گیا ہے، اس کمی میں بھی جیسا کہ پہلے ہی ذکر کیا جا چکا ہے گنے کی بڑھی ہوئی قیمتوں نے اپنا کردار ادا کیا ہے، اس کے علاوہ 18,713 ہزار روپے کی سبسڈی کا پروویژن فراہم کیا گیا ہے جو کہ ان لینڈ فریٹ سبسڈی کے ضمن میں ٹریڈیو پلمنٹ اتھارٹی آف پاکستان سے وصول کیا جانا باقی ہے۔

## کارپوریٹ گورننس کی پاسداری اور مالیاتی نتائج سے متعلق ضوابط

کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق بورڈ آف ڈائریکٹرز اس بات کی بذریعہ تصدیق کرتے ہیں کہ:

- منجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات برائے 30 ستمبر 2016 کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں رد و بدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔
- کمپنی کی جانب سے متعلقہ ریکارڈ کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔
- تمام تر مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔

حکومت کی جانب سے مالی سال 2016-17 کے بجٹ میں بالواسطہ ٹیکس کو تبدیل کیا گیا ہے، فیڈرل ایکسائز ٹیکس سیز ٹیکس کو سیز ٹیکس میں تبدیل کرنے کے بعد چینی کے نرخوں کو 56 روپے فی کلو کے حساب سے متعین کر دیا گیا اور سیز ٹیکس لگانے کی وجہ سے دہرائے گئے نرخ 60 روپے فی کلو گرام مقرر کئے گئے۔ اس ٹیکس کو رجسٹرڈ خریداروں کیلئے 8% اور غیر رجسٹرڈ خریداروں کیلئے 10% کے حساب سے لاگو کیا جائے گا۔

## آپ کی کمپنی سے متعلق

### نتائج برہنی کاروباری سرگرمیاں

کمپنی کاروباری سرگرمیوں پر برہنی نتائج بابت مالی سال 30 ستمبر 2016 کا خلاصہ بمعہ تقابلی جائزہ بلحاظ متعلقہ عرصہ ذیل میں آپ کی خدمت میں پیش کیا جا رہا ہے:

2014-2015	2015-2016	
15-11-2014	05-11-2015	سیزن کا آغاز
31-03-2015	29-02-2016	سیزن کا اختتام
137	117	پانی کا دورانیہ (دنوں میں)
630,317	563,617	گنے کی پانی (میٹرک ٹن میں)
64,271	57,387.5	چینی کی پیداوار (میٹرک ٹن میں)
10.19	10.20	چینی کی ریکوری

### آپریشنز کا جائزہ

پانی کا حجم یومیہ 217 میٹرک ٹن کے حساب سے زائد ریکارڈ کیا گیا اور اس طرح اوسطاً یومیہ پانی کی شرح 4,817 میٹرک ٹن رہی جبکہ گزشتہ سال اس اسی عرصے کے دوران یہ شرح اوسطاً 4,600 میٹرک ٹن تھی۔

جیسا کہ اوپر ذکر کیا جا چکا ہے کہ اس سال کمپنی نے کام مال کی کمی کی وجہ سے گزشتہ سال کے مقابلے میں کم دن کام کیا ہے تاہم چینی کی ریکوری گزشتہ سال کے مقابلے میں 0.01% زائد رہی جس کی وجہ سے گزشتہ سال کے مقابلے میں کم دنوں تک چلنے کا خمیازہ قدرے پورا کر لیا گیا۔

حکومت سندھ کی جانب سے بذریعہ نوٹس مالی سال 2015-16 کیلئے گنے کی فی من قیمت 172 روپے مقرر کی گئی تھی، جبکہ گنے کی فصلوں سے کم پیداوار کی وجہ سے صوبہ سندھ میں پانی کیلئے دستیاب خام مال کی کمی رہی جس کی وجہ سے شوگر ملوں کے مابین گنے کی قیمتوں پر مسابقت کی ایک فضا بھی قائم ہو گئی۔ مسابقت کی اس فضا کی وجہ سے گنے کی قیمتوں میں اضافہ شروع ہو گیا اور اس اضافے کی وجہ سے پیداواری لاگت میں بھی اضافہ ریکارڈ کیا گیا۔



## ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر انہماکی مسرت کے ساتھ کمپنی کی 31 ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2016 آپ کی خدمت میں پیش کر رہے ہیں۔

صنعت سے متعلق

صنعتی جائزہ

گزشتہ آٹھ سالوں کے دوران پاکستان کی معیشت میں مالی سال 2015-16 میں بلند ترین مقامی شرح نمو (جی ڈی پی) ریکارڈ کی گئی ہے۔ مالی سال 2015-16 کے دوران جی ڈی پی کی شرح 4.7% تھی جبکہ جی ڈی پی کی شرح مالی سال 2014-15 کے دوران 4.0% تھی تاہم شرح نمو مالی سال 2015-16 کے مقرر کردہ ہدف 5.5% کے مقابلے میں کم رہی۔

درحقیقت وہ مثبت عناصر جن کی وجہ سے اس سال شرح نمو میں خاطر خواہ اضافہ دیکھنے کو ملتا تھا زرعی شعبے کی دوران سال خراب کارکردگی کی وجہ سے اپنے مثبت اثرات کو صحیح طور پر مرتب ناکر سکے، مالی سال 2014-15 کی طرح مالی سال 2015-16 میں بھی زرعی سیکٹر دباؤ کا شکار رہا جس کی وجہ زرعی اجناس کی قیمتوں میں مندی کا رجحان اور پورے پاکستان میں موسم کی غیر یقینی صورتحال تھی، گوکہ گزشتہ سال کی نسبت گنے کی فصل اور ایک اور جنس کی فصل اس سال پیداوار کے اعتبار سے بہتر رہی لیکن بحیثیت مجموعی زرعی سیکٹر میں چڑھاؤ کے بجائے اتار دیکارڈ کیا گیا ہے۔

حکومت کی جانب سے زرعی پیداوار کیلئے مقرر کئے گئے نرخوں کی وجہ سے گنے کے کاشتکاروں کو کافی سہارا ملا۔ حکومت سندھ اور حکومت پنجاب کی جانب سے فی چالیس کلوگرام گنے کے نرخ بالترتیب 172 روپے اور 180 روپے مقرر کئے جانے کا عندیہ دیا گیا تھا جس کی وجہ سے مقامی سطح پر چینی کے نرخ مجموعی طور پر عالمی سطح پر نرخوں کے مقابلے میں زیادہ رہے۔

پالیسی کا اصل مسئلہ یہ ہے کہ ہر سال چینی کا اسٹاک بتدریج بڑھ رہا ہے، بالخصوص سرکار کی جانب سے زرعی اجناس کی قیمتوں کو متعین کرنے کی وجہ سے پیداوار میں کاشتکاروں کیلئے کشش موجود تھی جس کی وجہ سے پیداوار کی مقدار مقامی سطح پر طلب سے بھی زیادہ رہی، حالانکہ حکومت کی جانب سے برآمدات کی مد میں چھوٹ دی گئی تھی تاکہ ضرورت سے زائد ذخیرے کو بیرون ملک برآمد کیا جاسکے لیکن دی جانے والی چھوٹ برآمدات کے سلسلے میں اس لئے بھی کارگر ثابت نہ ہو سکی کہ مقامی اور بین الاقوامی سطح پر چینی کے نرخوں میں پایا جانے والا فرق کافی زیادہ تھا۔

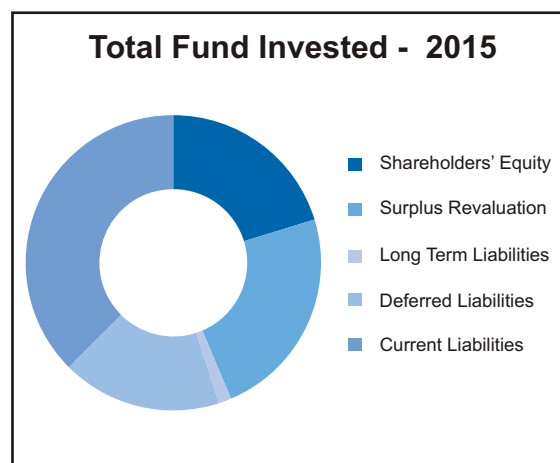
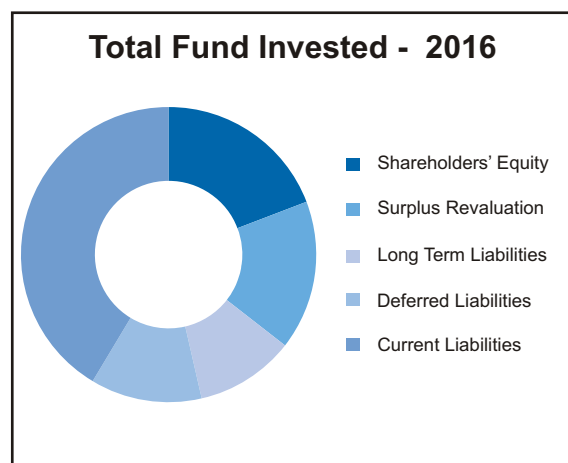
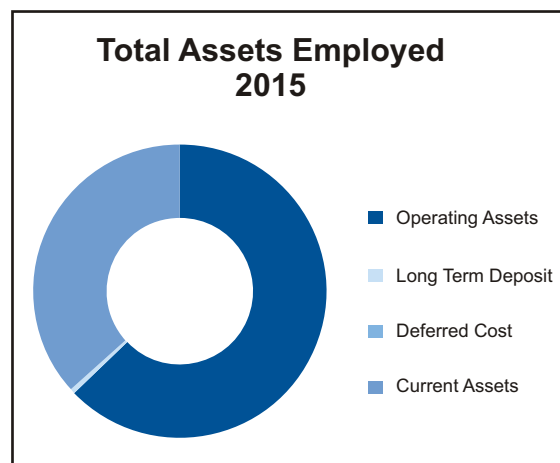
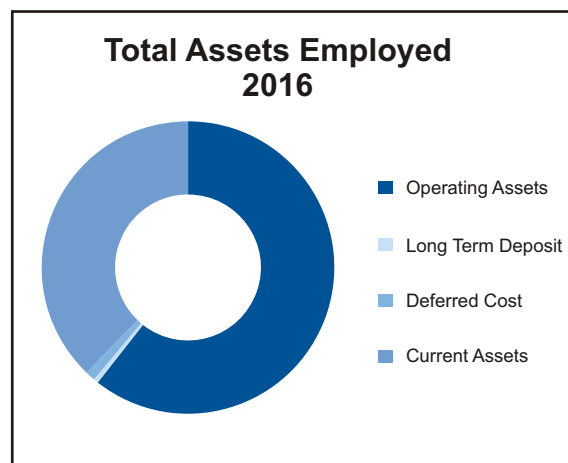
گوکہ شوگر کی پیداوار کا ہدف 68 ملین ٹن حاصل ناہو۔ لیکن اس کے باوجود اس سیکٹر میں 4.5% کی خاطر خواہ پیداوار ریکارڈ کی گئی اور پیداوار 65.5 ملین ٹن رہی۔ یہ بات حوصلہ افزاء رہی کہ پیداوار میں بہتر زرعی نتائج کی وجہ سے اضافہ دیکھنے کو ملا ہے، جبکہ زیر کاشت رقبے میں قدرے کمی واقع ہوئی ہے۔ اس سے بھی زیادہ اہم بات یہ ہے کہ گنے کے مقرر کردہ نرخ کاشتکاروں کے حق میں رہے جس سے انہیں خاطر خواہ فوائد حاصل ہوئے۔

مالی سال 2015-16 کے دوران گنے کی بہتر فصل کے باوجود چینی کی پیداوار میں کمی کی اصل وجہ گزشتہ سال کے مقابلے میں اس سال چینی کی ریکوری کی شرح میں کمی تھی۔ بالخصوص شوگر ملیں اس خوف سے اپنے گزشتہ ذخائر کو مارکیٹ میں آف لوڈ ناکر سکے کہ اس اقدام سے چینی کی قیمتوں میں مقامی سطح پر مزید ہوسکتا تھا۔ چینی کی برآمد اس لئے ممکن نہ تھی کہ عالمی منڈیوں میں چینی کی قیمتیں مندی کا شکار تھیں۔

# Key Operating & Financial Highlights

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>OPERATIONAL DATA</b>										
Duration of Season (Days)	117	137	151	121	109	117	114	132	182	146
Cane crushed (Tons)	563,617	630,317	738,209	542,289	483,352	491,205	484,452	597,111	853,592	526,439
Sucrose Recovery ( % )	10.20	10.19	9.81	9.77	9.62	9.57	9.60	9.58	9.50	8.68
Sugar Made (Tons)	57,387.5	64,271	72,530	52,823	46,516	47,008	46,547	57,308	87,026	45,602
Molasses (Tons)	27,040	34,299	39,260	27,460	26,503	24,004	23,785	30,279	49,360	26,200
<b>All figures in Rs in '000</b>										
<b>PROFIT &amp; LOSS RESULTS</b>										
Turnover - Net	2,832,657	2,869,164	3,196,951	2,771,454	3,005,261	1,498,297	2,679,922	1,679,489	1,861,248	1,065,461
Gross profit	151,582	257,087	213,749	148,572	195,512	245,956	377,383	225,504	233,621	71,575
Operating profit	59,919	170,905	135,446	94,580	95,814	159,342	308,572	162,815	171,328	28,489
Profit/(loss) before taxation	11,060	89,783	36,091	14,271	(424)	64,345	213,047	115,257	134,232	(12,373)
Profit/(loss) after taxation	13,953	57,400	8,732	6,901	(6,554)	37,759	134,431	66,912	98,603	(19,755)
<b>ASSETS EMPLOYED</b>										
Operating Assets	1,465,348	1,167,508	1,146,845	729,685	747,116	754,005	477,508	494,031	516,797	524,078
Long Term Deposits	15,467	10,966	9,478	45,300	36,369	36,396	2,223	2,223	2,223	2,223
Deferred Cost	28,885	33,373	—	—	—	—	—	—	—	—
Current Assets	915,207	688,656	670,133	461,593	935,108	1,471,518	240,366	277,084	119,007	125,784
<b>Total Assets Employed</b>	<b>2,424,907</b>	<b>1,900,503</b>	<b>1,826,456</b>	<b>1,236,578</b>	<b>1,718,593</b>	<b>2,261,919</b>	<b>720,097</b>	<b>773,338</b>	<b>638,027</b>	<b>652,085</b>
<b>FINANCED BY</b>										
Shareholder's equity	467,266	451,265	370,861	354,765	329,931	327,682	305,462	179,574	106,967	2,757
Surplus on Revaluation	396,171	409,370	427,287	146,801	160,241	169,043	46,213	49,624	55,319	103,695
Long Term Liabilities	262,532	103,640	23,174	75,242	64,908	85,089	23,159	75,812	210,646	250,621
Deferred Liabilities	295,067	325,349	320,838	210,011	217,741	217,014	145,489	150,054	145,697	128,348
Current Liabilities	1,003,871	610,879	684,296	449,759	945,772	1,463,091	199,774	318,274	119,398	166,664
<b>Total Fund Invested</b>	<b>2,424,907</b>	<b>1,900,503</b>	<b>1,826,456</b>	<b>1,236,578</b>	<b>1,718,593</b>	<b>2,261,919</b>	<b>720,097</b>	<b>773,338</b>	<b>638,027</b>	<b>652,085</b>

## Graphical Presentation of Financial Highlights



# Horizontal Analysis of Financial Statements

	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
	Rupees in 000					Variance in %				
<b>Balance Sheet</b>										
Total Non-Current Assets	1,509,700	1,211,847	1,156,323	774,985	783,485	24.58	4.80	49.21	(1.08)	(0.87)
Total Current Assets	915,207	688,656	670,133	461,593	935,108	32.90	2.76	45.18	(50.64)	(36.45)
Total Assets	2,424,907	1,900,503	1,826,456	1,236,578	1,718,593	27.59	4.05	47.70	(28.05)	(24.02)
Total Equity & Surplus on revaluation	863,437	860,635	798,148	501,566	490,172	0.33	7.83	59.13	2.32	(1.32)
Total Non-Current Liabilities	557,599	428,989	344,012	285,253	282,649	29.98	24.70	20.60	0.92	(6.44)
Total Current Liabilities	1,003,871	610,879	684,296	449,759	945,772	64.33	(10.73)	52.15	(52.45)	(35.36)
Total Equity & Liabilities	2,424,907	1,900,503	1,826,456	1,236,578	1,718,593	27.59	4.05	47.70	(28.05)	(24.02)
<b>Profit &amp; Loss Account</b>										
Sales	2,832,657	2,869,164	3,196,951	2,771,454	3,005,261	(1.27)	(10.25)	15.35	(7.78)	100.58
Cost of sales	(2,681,075)	(2,612,077)	(2,983,202)	(2,622,882)	(2,809,749)	2.64	(12.44)	13.74	(6.65)	124.36
Gross Profit	151,582	257,087	213,749	148,572	195,512	(41.04)	20.28	43.87	(24.01)	(20.51)
Profit on trading activity	2,179	—	(577)	—	—	100.00	(100.00)	100.00	—	—
Distribution cost	(522)	(769)	(5,326)	(6,934)	(9,578)	(32.12)	(85.56)	(23.19)	(27.60)	332.81
Administrative expenses	(77,999)	(75,544)	(63,949)	(61,481)	(90,120)	3.25	18.13	4.01	(31.78)	6.78
Other operating expenses	(22,168)	(9,950)	(8,834)	(20,378)	(5,984)	122.79	12.63	(56.65)	240.54	(22.68)
Other income	6,847	81	383	34,801	3,698	8,353.09	(78.85)	(98.90)	841.08	(50.18)
Operating Profit	59,919	170,905	135,446	94,580	93,528	(64.94)	26.18	43.21	1.12	(41.19)
Finance cost	(48,859)	(81,122)	(99,355)	(80,309)	(93,952)	(39.77)	(18.35)	23.72	(14.52)	(0.77)
Profit / (loss) before taxation	11,060	89,783	36,091	14,271	(424)	(87.68)	148.77	152.90	(3,465.80)	(100.66)
Taxation	2,893	(32,383)	(27,359)	(7,370)	(6,130)	(108.93)	18.36	271.22	20.23	(76.94)
Profit / (loss) after taxation	13,953	57,400	8,732	6,901	(6,554)	(75.69)	557.35	26.53	(205.29)	(117.36)



# Vertical Analysis of Financial Statements

	2016 Rupees in 000	2016 %	2015 Rupees in 000	2015 %	2014 Rupees in 000	2014 %	2013 Rupees in 000	2013 %	2012 Rupees in 000	2012 %
<b>Balance Sheet</b>										
Total Non-Current Assets	1,509,700	62.26	1,211,847	63.76	1,156,323	63.31	774,985	62.67	783,485	45.59
Total Current Assets	915,207	37.74	688,656	36.24	670,133	36.69	461,593	37.33	935,108	54.41
Total Assets	2,424,907	100.00	1,900,503	100.00	1,826,456	100.00	1,236,578	100.00	1,718,593	100.00
Total Equity & Surplus on revaluation	863,437	35.61	860,635	45.28	798,148	43.70	501,566	40.56	490,172	28.52
Total Non-Current Liabilities	557,599	22.99	428,989	22.57	344,012	18.83	285,253	23.07	282,649	16.45
Total Current Liabilities	1,003,871	41.40	610,879	32.14	684,296	37.47	449,759	36.37	945,772	55.03
Total Equity & Liabilities	2,424,907	100.00	1,900,503	100.00	1,826,456	100.00	1,236,578	100.00	1,718,593	100.00
<b>Profit &amp; Loss Account</b>										
Sales	2,832,657	100.00	2,869,164	100.00	3,196,951	100.00	2,771,454	100.00	3,005,261	100.00
Cost of sales	(2,681,075)	(94.65)	(2,612,077)	(91.04)	(2,983,202)	(93.31)	(2,622,882)	(94.64)	(2,809,749)	(93.49)
<b>Gross Profit</b>	<b>151,582</b>	<b>5.35</b>	<b>257,087</b>	<b>8.96</b>	<b>213,749</b>	<b>6.69</b>	<b>148,572</b>	<b>5.36</b>	<b>195,512</b>	<b>6.51</b>
Profit on trading activity	2,179	0.08	—	—	(577)	(0.02)	—	—	—	—
Distribution cost	(522)	(0.02)	(769)	(0.03)	(5,326)	(0.17)	(6,934)	(0.25)	(9,578)	(0.32)
Administrative expenses	(77,999)	(2.75)	(75,544)	(2.63)	(63,949)	(2.00)	(61,481)	(2.22)	(90,120)	(3.00)
Other operating expenses	(22,168)	(0.78)	(9,950)	(0.35)	(8,834)	(0.28)	(20,378)	(0.74)	(5,984)	(0.20)
Other income	6,847	0.24	81	0.00	383	0.01	34,801	1.26	3,698	0.12
<b>Operating Profit</b>	<b>59,919</b>	<b>2.12</b>	<b>170,905</b>	<b>5.96</b>	<b>135,446</b>	<b>4.24</b>	<b>94,580</b>	<b>3.41</b>	<b>93,528</b>	<b>3.11</b>
Finance cost	(48,859)	(1.72)	(81,122)	(2.83)	(99,355)	(3.11)	(80,309)	(2.90)	(93,952)	(3.13)
<b>Profit / (loss) before taxation</b>	<b>11,060</b>	<b>0.39</b>	<b>89,783</b>	<b>3.13</b>	<b>36,091</b>	<b>1.13</b>	<b>14,271</b>	<b>0.51</b>	<b>(424)</b>	<b>(0.01)</b>
Taxation	2,893	0.10	(32,383)	(1.13)	(27,359)	(0.86)	(7,370)	(0.27)	(6,130)	(0.20)
<b>Profit / (loss) after taxation</b>	<b>13,953</b>	<b>0.49</b>	<b>57,400</b>	<b>2.00</b>	<b>8,732</b>	<b>0.27</b>	<b>6,901</b>	<b>0.25</b>	<b>(6,554)</b>	<b>(0.22)</b>

## Stakeholders Information

### Stock Exchange Listing

Sanghar Sugar Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange Limited. The Company's shares are quoted in leading newspapers under Sugar Sector.

### Communication with Users of Financial Statements

Communication with users of financial statements is given high priority. Annual, half yearly and quarterly reports are distributed to the shareholders and provided to other users within the time specified in the Companies Ordinance, 1984. There is also an opportunity for individual shareholder to participate at the Annual General Meetings to ensure high level of accountability.

### Shareholders Information

Enquiries concerning verification of transfer deeds, transfer of share certificates, change of address etc., should be directed to the Shares Registrar, Hameed Majeed Associates (Pvt) Ltd. Karachi Chambers, Hasrat Mohani Road, Karachi Phone No: 021- 32424826, Fax No: 021-32424835.

### Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information about Sanghar Sugar Mills Limited and its products should contact the Executive Director/Chief Financial Officer at Registered Office, Karachi Phone: 021-35371441 to 43 (03 lines), Fax: 021-35371444.

### FINANCIAL RATIOS

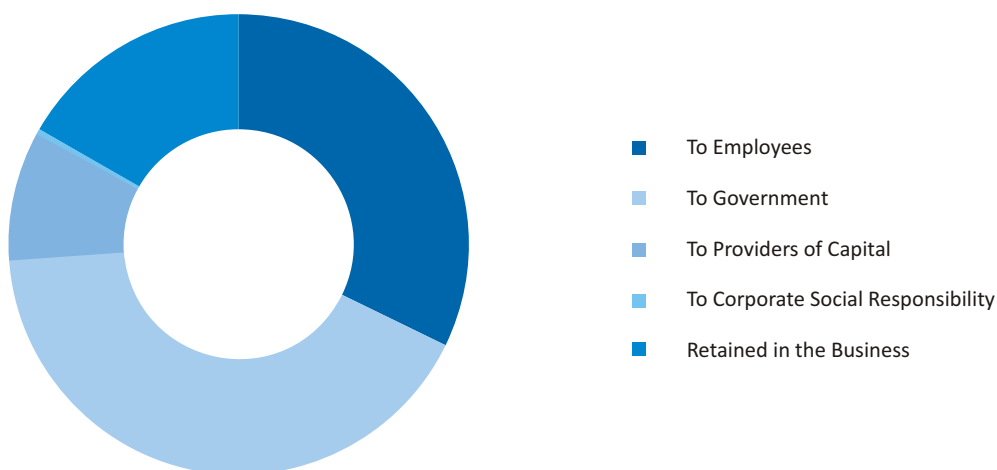
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Profitability Ratios</b>										
Gross Profit Ratio (%)	5.35	8.96	6.69	5.36	6.51	16.42	14.08	13.43	12.55	6.72
Net Profit to Sales (%)	0.49	2.00	0.27	0.25	(0.22)	2.52	5.02	6.86	7.21	(1.16)
Return on Capital Employed (%)	12.82	37.87	36.52	36.52	42.17	47.43	85.86	77.37	41.48	19.49
<b>Turnover Ratios</b>										
Inventory Turnover Ratio	4.59	5.21	8.01	6.19	3.08	1.96	17.51	11.72	26.36	18.41
Fixed Assets Turnover Ratio	193.37	245.93	278.88	383.94	403.72	200.02	561.23	339.96	360.15	203.30
<b>Investor Information</b>										
Price Earning Ratio	36.39	5.31	34.89	39.47	(44.91)	3.39	1.23	2.81	2.96	(5.14)
Market Value per Share	42.50	41.74	25.50	22.89	24.70	10.71	13.84	15.75	24.45	8.50
Book Value per Share	39.11	37.78	31.04	29.70	27.62	27.43	25.57	15.03	8.95	0.23
Earning per Share	1.17	4.80	0.73	0.58	(0.55)	3.16	11.25	5.60	8.25	(1.65)
<b>Liquidity Ratios</b>										
Current Ratio	0.91	1.13	0.98	1.03	0.99	1.01	1.203	0.871	0.997	0.75
<b>Capital Structure Ratios</b>										
Debt Equity Ratio	1.11	0.53	0.69	1.05	2.06	3.12	1.05	1.97	2.30	1.60
Interest Cover Ratio	1.23	2.11	1.36	1.18	1.00	1.68	4.11	4.14	6.30	0.67

## Statement of Value Addition and its Distribution

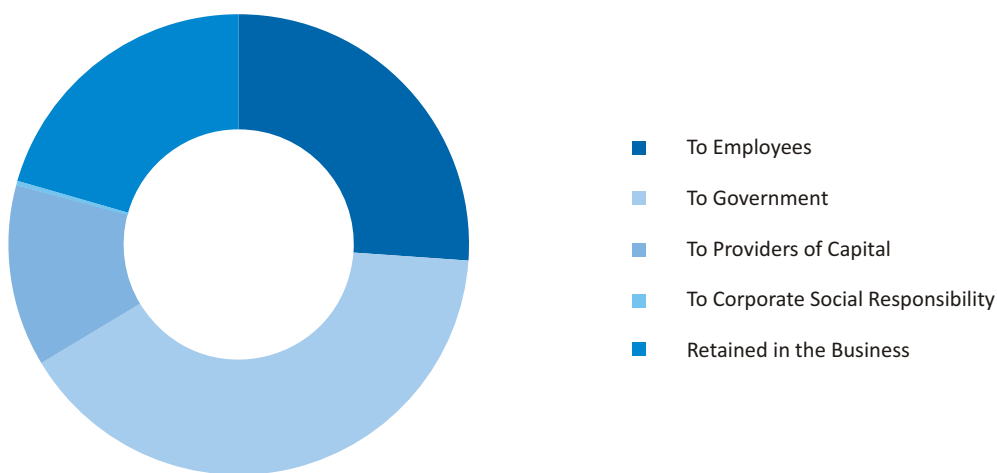
Value Addition:	..... 2016 .....		..... 2015 .....	
	(Rs. '000)	%	(Rs. '000)	%
Turnover Gross	3,366,123	99.797	3,416,685	99.998
Other Income	6,847	0.203	81	0.002
	<u>3,372,970</u>	<u>100.000</u>	<u>3,416,766</u>	<u>100.000</u>
Cane Procurement and related expenses	2,678,277	94.357	2,702,619	96.918
Other Expenses	160,187	5.643	85,956	3.082
	<u>2,838,464</u>	<u>100.000</u>	<u>2,788,575</u>	<u>100.000</u>
	<u>534,506</u>	<u>15.847</u>	<u>628,191</u>	<u>18.386</u>
<b>Value Distribution:</b>				
<b>Distributed as follows</b>				
To Employees				
– Remuneration	171,898	32.160	162,152	25.474
– Worker's profit participation fund	594	0.111	4,822	0.758
	<u>172,492</u>		<u>166,974</u>	
To Government				
– Federal Excise Duty / Sales Tax / Further Tax	227,103	42.488	229,532	36.060
– Income Tax	19,102	3.574	21,638	3.399
– Deferred Tax	(33,040)	(6.181)	(1,655)	(0.260)
– Cess & Fees	9,159	1.714	6,303	0.990
	<u>222,324</u>		<u>255,818</u>	
To Providers of Capital				
– Finance Cost	48,859	9.141	81,122	12.744
	<u>48,859</u>		<u>81,122</u>	
To Corporate Social Responsibility				
– Charity & Donations	1,200	0.225	1,156	0.182
	<u>1,200</u>		<u>1,156</u>	
Retained in the Business				
– Depreciation & Amortization	75,678	14.159	74,064	11.636
– Profit for the Year	13,953	2.610	57,400	9.018
	<u>89,631</u>		<u>131,464</u>	
	<u>534,506</u>	<u>100.000</u>	<u>636,534</u>	<u>100.000</u>

## Graphical Presentation of Value Distribution

### Value Distribution - 2016



### Value Distribution - 2015





# **Review Report to the Members on Statement of Compliance with the Code of Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the code”) prepared by the Board of Directors of **SANGHAR SUGAR MILLS LIMITED** (“the Company”) for the year ended September 30, 2016 to comply with the requirement of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended September 30, 2016.

**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Fahad Ali Shaikh

Karachi: January 07, 2017

## Statement of Compliance with the Code of Corporate Governance

Name of Company: **SANGHAR SUGAR MILLS LIMITED**

Year ended: **September 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
(i) Independent Director	1. Mr. Rahim Bux
(ii) Executive Directors	1. Haji Khuda Bux Rajar 2. Mr. Ghulam Hyder
(iii) Non-Executive Directors	1. Mr. Ghulam Dastagir Rajar 2. Mr. Mohammad Aslam 3. Mr. Qazi Shamsuddin 4. Mr. Shahid Aziz

The Independent Director meets the criteria of independence under Clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. The directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the directors of the Company is a member of the stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct & Ethics" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, other executive and non-executive directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman and, the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board is well aware of their duties and responsibilities as outlined by corporate laws and listing regulations. One Director of the Company-Haji Khuda Bux Rajar has the prescribed education and experience required for exemption under clause 5.19.7 of PSX Rules accordingly he is exempted

from attending director's training program pursuant to the clause (xi) of the CCG. All other Directors have already completed approved Directors' Training Program as specified in the CCG.

10. No new appointment of CFO, Company Secretary or the Head of Internal Audit has been made during the year. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto has been approved by the Board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, Chief Executive and Executives do not hold any interest in the shares of the Company other than that disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed the Audit Committee. It comprises three members all of whom are Non-Executive Directors including an Independent Director, who is its Chairman.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises three members of whom two are Non-Executive Directors and one is Independent Director, who is its Chairman.
18. The Board has set up an effective internal audit function in the Company managed by experience persons who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on a full time basis. The head of internal audit department functionally reports to the Board's Audit Committee
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (the ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange Limited.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

**Chairman**

**Chief Executive**

Karachi: January 07, 2017

# Auditors' Report to the Members

We have audited the annexed balance sheet of **SANGHAR SUGAR MILLS LIMITED** ("the Company") as at September 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2016 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Fahad Ali Shaikh

Karachi: January 07, 2017



**Balance Sheet**

As at September 30, 2016

		2016	2015
		(Rupees in '000)	
<b>ASSETS</b>	<b>Notes</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,464,904	1,166,639
Intangible asset	6	444	869
Long term deposits	7	15,467	10,966
Deferred cost	8	28,885	33,373
		<b>1,509,700</b>	<b>1,211,847</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	49,675	42,326
Stock-in-trade	10	606,067	560,944
Trade debts	11	—	11,635
Loans and advances	12	104,960	24,603
Trade deposits & short term prepayments	13	14,740	1,012
Other receivables	14	12,171	26,609
Sales Tax refundable		3,606	—
Income tax refundable - net of provision		733	11,778
Cash and bank balances	15	123,255	9,749
		<b>915,207</b>	<b>688,656</b>
<b>TOTAL ASSETS</b>		<b>2,424,907</b>	<b>1,900,503</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
20,000,000 shares of Rs.10 each		<b>200,000</b>	<b>200,000</b>
Issued, subscribed and paid up capital	16	119,460	119,460
Unappropriated profit		347,806	331,805
		<b>467,266</b>	<b>451,265</b>
Surplus on revaluation of property, plant & equipment	17	396,171	409,370
<b>NON CURRENT LIABILITIES</b>			
Long term financing	18	182,414	66,000
Liabilities against assets subject to finance lease	19	80,118	37,640
Deferred liabilities	20	295,067	325,349
		<b>557,599</b>	<b>428,989</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	289,415	242,365
Accrued finance cost	22	20,302	13,756
Short term borrowings	23	644,680	317,304
Current portion of long term financing	18	22,000	22,000
Current portion of liabilities against assets subject to finance lease	19	27,474	15,454
		<b>1,003,871</b>	<b>610,879</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	24	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,424,907</b>	<b>1,900,503</b>

The annexed notes from 1 to 46 form an integral part of these financial Statements.

Chief Executive

Director

## Profit and Loss Account

For the year ended September 30, 2016

	Notes	2016 (Rupees in '000)	2015
Sales	25	2,832,657	2,869,164
Cost of sales	26	2,681,075	2,612,077
<b>Gross Profit</b>		<b>151,582</b>	<b>257,087</b>
Profit on trading activity	27	2,179	—
		<b>153,761</b>	<b>257,087</b>
Distribution cost	28	522	769
Administrative expenses	29	77,999	75,544
Other operating expenses	30	22,168	9,950
		<b>100,689</b>	<b>86,263</b>
<b>Operating Profit</b>		<b>53,072</b>	<b>170,824</b>
Other income	31	6,847	81
		<b>59,919</b>	<b>170,905</b>
Finance cost	32	48,859	81,122
<b>Profit before taxation</b>		<b>11,060</b>	<b>89,783</b>
Taxation	33	(2,893)	32,383
<b>Profit after taxation</b>		<b>13,953</b>	<b>57,400</b>
<b>Earnings per share - Basic and diluted (Rupees)</b>	34	<b>1.17</b>	<b>4.80</b>

The annexed notes from 1 to 46 form an integral part of these financial Statements.

Chief Executive

Director

## Statement of Comprehensive Income

For the year ended September 30, 2016

	Notes	2016 (Rupees in '000)	2015
<b>Profit after taxation</b>		<b>13,953</b>	57,400
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit &amp; loss</b>			
Remeasurement gain on employees retirement benefits plan	20.3.1	4,701	—
Impact of tax	20.1	(1,457)	—
<b>Total Other Comprehensive Income</b>		<b>3,244</b>	—
<b>Total Comprehensive Income for the year</b>		<b>17,197</b>	<b>57,400</b>

The annexed notes from 1 to 46 form an integral part of these financial Statements.

Chief Executive

Director

## Cash Flow Statement

For the year ended September 30, 2016

	Notes	2016 (Rupees in '000)	2015
Profit before taxation		11,060	89,783
<b>Adjustment for non cash charges and other items:</b>			
Depreciation	5.1.2	65,625	65,455
Amortization	6	425	266
Amortization of deferred cost	8	9,628	8,343
Employees retirement benefits expense	20.3.3	11,796	10,370
Provision for slow moving items and obsolescence	9.1	286	1,271
Gain on sale of property, plant & equipment	31	(793)	—
Impairment allowance against inland freight subsidy	14.1	18,713	—
Provision for market committee fee	20.2	5,636	6,303
Finance cost	32	48,859	81,122
		<b>160,175</b>	<b>173,130</b>
		<b>171,235</b>	<b>262,913</b>
<b>Changes in Working capital</b>			
<b>(Increase) / Decrease in current assets</b>			
Stores, spare parts and loose tools		(7,635)	(1,472)
Stock - in - trade		(45,123)	(118,826)
Trade debts		11,635	(11,635)
Loans and advances		(80,357)	42,466
Trade deposits & Short term prepayments		(13,728)	63,162
Sales Tax refundable		(3,606)	—
Other receivables		(4,275)	(3,413)
		<b>(143,089)</b>	<b>(29,718)</b>
<b>Increase in current liabilities</b>			
Trade and other payables		<b>47,050</b>	<b>104,762</b>
		<b>75,196</b>	<b>337,957</b>
Employees retirement benefits paid during the year	20.3.1	(1,933)	(5,420)
Finance cost paid during the year		(42,313)	(87,680)
Increase in long term deposits		(4,501)	(1,488)
Deferred cost incurred during the year	8	(5,140)	(41,716)
Income tax paid during the year		(19,102)	(21,638)
		<b>(72,989)</b>	<b>(157,942)</b>
<b>Net cash inflows from operating activities</b>		<b>2,207</b>	<b>180,015</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	5.1 & 5.2	(364,180)	(85,747)
Addition in intangible assets		—	(638)
Proceeds from sale of property, plant & equipment	5.1.3	1,083	—
<b>Net cash outflow from investing activities</b>		<b>(363,097)</b>	<b>(86,385)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing	18	(22,000)	—
Proceeds from long term financing	18	138,414	88,000
Dividend paid during the year		(23,892)	—
Finance lease obtained during the year		70,000	—
Proceeds from sale & lease back of property, plant & equipment		—	30,000
Payments liabilities against asset subject to finance lease		(15,502)	(56,401)
<b>Net cash inflows from financing activities</b>		<b>147,020</b>	<b>61,599</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(213,870)</b>	<b>155,229</b>
Cash and cash equivalents at beginning of the year		<b>(307,555)</b>	<b>(462,784)</b>
<b>Cash and cash equivalents at end of the year</b>	35	<b>(521,425)</b>	<b>(307,555)</b>

The annexed notes from 1 to 46 form an integral part of these financial Statements.

Chief Executive

Director



## Statement of Changes in Equity

For the year ended September 30, 2016

Particulars	Share Capital .....	Unappropriated profit (Rs in '000) .....	Total
<b>Balance as at September 30, 2014</b>	119,460	251,401	370,861
Total Comprehensive Income for the year	—	57,400	57,400
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	23,004	23,004
<b>Balance as at September 30, 2015</b>	<b>119,460</b>	<b>331,805</b>	<b>451,265</b>
<b>Balance as at October 01, 2015</b>	<b>119,460</b>	<b>331,805</b>	<b>451,265</b>
Transactions with Owners			
Final Dividend for the year ended September 30, 2015 @ Rs.2 per share	—	(23,892)	(23,892)
Total Comprehensive Income for the year	—	17,197	17,197
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	22,696	22,696
<b>Balance as at September 30, 2016</b>	<b>119,460</b>	<b>347,806</b>	<b>467,266</b>

The annexed notes from 1 to 46 form an integral part of these financial Statements.

Chief Executive

Director

## Notes to the Financial Statements

For the year ended September 30, 2016

### 1 COMPANY AND ITS OPERATIONS

The Company is a public limited Company incorporated in 1986 in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacture and sale of sugar and its by-products. The Company has also installed transmission equipment to sell surplus electric power. The registered office of the Company is situated at C-27, Plot No. F-24, Block - 9, Clifton, Karachi and its manufacturing facilities are located in district Sanghar, Sindh.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Reporting Standards issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984 (the Ordinance), provisions and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

#### 2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for, employees retirement benefits that are based on actuarial valuation, items of property, plant and equipment which are carried at revalued amounts and stock in trade when valued at net realizable value.

#### 2.3 RECENT ACCOUNTING DEVELOPMENTS

##### STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

- 2.3.1 During the year, the following approved accounting standards, interpretations, amendments / revisions to the following approved accounting standards became effective for the accounting periods beginning from the dates specified below;

		Effective dates as determined by relevant IFRS
IFRS-10	Consolidated Financial Statements - Amendment	1-Jan-15
IFRS-11	Joint Agreement	1-Jan-15
IFRS-12	Disclosure of Interests in Other Entities - Amendment	1-Jan-15
IFRS-13	Fair Value Measurement	1-Jan-15

These Standards, interpretations and amendments are not expected to have significant impact on Company's financial statements except certain additional disclosures, which are incorporated in these financial statements, where required. In addition to above, certain new cycle of improvements are applicable in current year, which are either considered not to be relevant or are not to have significant impact to the company's financial statements and hence have not been specified.

### 2.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current financial year

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them.

		Effective dates as determined by relevant IFRS
IAS-1	Presentation of Financial Statements-Amendment	1-Jan-16
IAS-7	Statement of Cash flows-Amendment	1-Jan-17
IAS-12	Income Taxes-Amendment	1-Jan-17
IAS-16	Property, Plant and Equipment - Amendment	1-Jan-16
IAS-27	Separate Financial Statements - Amendment	1-Jan-16
IAS-28	Investments in Associates and Joint Ventures	1-Jan-16
IAS-38	Intangible Assets - Amendment	1-Jan-16
IAS-41	Agriculture - Amendment	1-Jan-16
IFRS-2	Share based Payments - Amendment	1-Jan-18
IFRS-9	Financial Instruments: Classification and Measurement - Replacement	1-Jan-18
IFRS-14	Regulatory Deferral Accounts	1-Jan-16
IFRS-15	Revenue from Contracts with Customers	1-Jan-18
IFRS-16	Leases	1-Jan-19

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the company's financial statements other than certain additional disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, October 2016, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

### 3 Critical accounting estimates, judgments and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires the management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under that circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcome that require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future period affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

In the process of applying the accounting policies, management has made the following estimates, judgments and assumptions which are significant to the financial statements:

— **Taxation :**

In making the estimates of the income tax liabilities, the management considers current income tax law and decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate.

— **Defined Benefit Plan**

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might effect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates.

— **Property, Plant and Equipment**

The management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The management reviews the value of assets for possible impairment on financial year end. Any change in the estimate in the future years might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

— **Stock in trade**

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

— **Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

— **Impairment allowance against trade debts, deposits, advances and other receivables**

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of doubtful debts and provision required there against on annual basis. While determining provision, the Company considers financial health, market information, ageing of receivables, credit worthiness, credit rating, past records and business relationship.

— **Slow Moving and Stores Obsolescence**

In making estimates of quantum of slow moving and obsolescence, the aging analysis, current condition of various items component of realization and expected use in future are considered.

— **Impairment**

The Company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.



**4 SIGNIFICANT ACCOUNTING POLICIES****4.1 Property, plant and equipment****4.1.1 Operating Assets****Owned assets****Recognition & Measurement**

These are stated at cost less accumulated depreciation and impairment, if any, except for free hold land, buildings and plant and machinery which are stated at revalued amounts.

**Depreciation**

Depreciation is charged, on a systematic basis over the economic useful life of the asset, on reducing balance method, which reflects the pattern in which the assets economic benefits are consumed by the Company, at the rates specified in respective note. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

**Revaluation Surplus - owned assets**

The Surplus on revaluation of Property, Plant and Equipment is recognized in accordance with section 235 of the Companies Ordinance, 1984. The surplus on revaluation of Property, Plant and Equipment to the extent of incremental depreciation net of deferred tax thereon charged on the related assets is transferred to statement of changes in equity under unappropriated profit. In case of disposal of revalued Property, Plant and Equipment, any revaluation surplus is directly transferred to retained earning through statement of changes in equity.

**Subsequent Cost**

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

**Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

**4.1.2 Assets subject to finance lease**

These are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. Depreciation is charged to the profit and loss account using the same basis as for owned assets.

**4.1.3 Capital work-in-progress**

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment if any and represents expenditure incurred on property, plant and equipment in the course of construction / installation / implementation / development including borrowing cost on eligible assets. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets becomes available for use.

**4.2 Intangible Asset**

Computer software is stated at cost less accumulated amortization. Software cost are only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized, on monthly proportionate basis applying the straight line method at the rate stated in respective note to these financial statements.

**4.3 Deferred Cost**

Deferred cost is the cost / expenses incurred during the year whose benefits are expected to be received beyond the period of one year. Cost are amortized over the estimated period of consuming benefits.

**4.4 Stores, spare parts and loose tools**

These are valued at cost calculated on moving average basis less provision for obsolescence, and slow moving items, except for the items in transit, which are valued at costs accumulated up to the balance sheet date.

**4.5 Stock in trade**

Stock of sugar is valued at lower of the weighted average cost and net realizable value. By-products i.e. Molasses and Baggasse are valued at net realizable value (NRV). Cost in relation to work in process and finished goods consists of material cost, proportionate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to be incurred to make the sale.

**4.6 Trade debts**

Trade debts are carried at original invoice amount less impairment allowance, if any. Impairment allowance for doubtful debts is based on management's assessment of customers and their credit worthiness. Bad debts are written off when there is no realistic prospect of recovery.

**4.7 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**4.8 Employees Retirement benefits:****4.8.1 Defined benefit plan**

The Company operates an unfunded gratuity scheme for all employees eligible to the scheme with qualifying service period. Provision is made annually to cover the obligation on the basis of actuarial valuation carried out using Projected Unit Credit Method, and is charged to profit and loss account, related details of which are given in the respective note to the financial statements. Remeasurement gains or losses are recognized in full as and when arise and are charged to other comprehensive income.

**4.9 Finance Lease**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee or meet other criteria defined in IAS 17. All other leases are classified as operating lease. Assets held under finance lease are recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as "Liabilities against asset subject to finance lease". Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit & loss account unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the company's general policy on borrowing cost.

**4.10 Taxation****4.10.1 Current**

The charge for current taxation is based on taxable income at the current rate of taxation (after taking into account applicable tax credits, rebates and exemptions available, if any) or minimum tax and alternate corporate tax under sections 113 & 113 (C) of the Income Tax Ordinance, 2001, respectively whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

**4.10.2 Deferred**

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and their tax base and is recognized on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognized to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax asset is reduced to the extent it is no longer probable that the related tax benefit will be realized.

**4.10.3 Sales tax and Federal Excise Duty (FED)**

Revenues, expenses and assets are recognized net off amount of sales tax/FED except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the tax / duty is recognized as part of the cost of the acquisition of the assets or as part of the expense item as applicable; and
- Receivables or payables that are stated with the amount of Sales tax / FED included.

The net amount of sales tax and FED recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**4.11 Ijarah Lease contracts**

Leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as Ijarah lease. Payments made under the Ijarah lease agreements are charged to profit & loss account.

**4.12 Revenue recognition**

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

Electric power supply is recognized when the supply of power is passed-on through transmission lines.

Rental income is recorded on an accrual basis.

**4.13 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency.

**4.14 Foreign currency transaction and translation**

Transactions in foreign currencies are recorded into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

**4.15 Provisions**

Provisions are recognized in the balance sheet when the Company has present legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation and reliable estimates can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**4.16 Borrowing cost**

Mark-up, interest and other charges on loans are capitalized up to the date of commissioning of the respective qualifying assets. All other mark-up, interest, profit and other charges are charged to profit & loss account.

**4.17 Financial Instruments**

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss, if any, on derecognition of financial assets and financial liabilities is included in the profit and loss account currently.

**4.18 Offsetting of financial assets and liabilities**

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

**4.19 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and bank balances net of short term borrowings.

**4.20 Dividend and appropriation to reserves**

Dividend and appropriation to reserve are recognized in the financial statements in the period in which these are approved.

**4.21 Impairment****Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

**Non-Financial assets**

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized as expense in the profit and loss account for the amount by which asset's carrying amount exceeds its recoverable amount.

**4.22 Employee compensated absences**

The Company provides for compensated absences for all eligible employees in the period in which these are earned in accordance with the terms of employment.

**5 PROPERTY, PLANT AND EQUIPMENT**

These are comprised as under:

		2016	2015
		(Rupees in '000)	
Operating fixed assets	Note - 5.1	1,120,570	1,164,277
Capital work-in-progress	Note - 5.2	344,334	2,362
		<u>1,464,904</u>	<u>1,166,639</u>

## 5.1 Operating Fixed Assets

	OWNED									LEASED	OWNED & LEASED
	Free hold land	Factory Building on free hold land	Non-Factory Building on free hold land	Plant and Machinery	Furniture and Fittings	Vehicles	Computer Equipment & Appliances	Stores & Spares held for capital expenditure	Sub - Total	Plant and Machinery	Grand Total
<b>Net carrying value as at September 30, 2016</b>											
Rupees in '000											
Opening Net Book Value (NBV)	93,500	124,245	63,513	799,370	1,651	8,438	2,816	5,371	1,098,904	65,373	1,164,277
Direct Additions at Cost	—	—	—	—	37	9,657	190	—	9,884	—	9,884
Transfer from Capital Work in Progress	—	—	—	12,324	—	—	—	—	12,324	—	12,324
Disposal at NBV	—	—	—	—	—	(290)	—	—	(290)	—	(290)
Depreciation charge for the year	—	(12,424)	(6,351)	(40,431)	(169)	(2,353)	(360)	(269)	(62,356)	(3,269)	(65,625)
<b>Closing Net Book Value</b>	<b>93,500</b>	<b>111,821</b>	<b>57,162</b>	<b>771,263</b>	<b>1,519</b>	<b>15,452</b>	<b>2,645</b>	<b>5,102</b>	<b>1,058,466</b>	<b>62,104</b>	<b>1,120,570</b>
<b>Gross carrying value as at September 30, 2016</b>											
Cost	7,043	27,362	12,365	742,093	6,507	30,437	11,892	5,867	843,566	70,000	913,566
Accumulated Depreciation - Cost	—	(18,009)	(8,955)	(257,058)	(4,988)	(14,985)	(9,246)	(765)	(314,005)	(7,896)	(321,901)
	7,043	9,353	3,410	485,035	1,519	15,452	2,645	5,102	529,561	62,104	591,665
Revaluation	86,457	158,654	73,618	378,502	—	—	—	—	697,231	—	697,231
Accumulated Depreciation - Revaluation	—	(56,186)	(19,866)	(92,274)	—	—	—	—	(168,326)	—	(168,326)
	86,457	102,468	53,752	286,228	—	—	—	—	528,905	—	528,905
<b>Total Net Book Value</b>	<b>93,500</b>	<b>111,821</b>	<b>57,162</b>	<b>771,263</b>	<b>1,519</b>	<b>15,452</b>	<b>2,645</b>	<b>5,102</b>	<b>1,058,466</b>	<b>62,104</b>	<b>1,120,570</b>
Rupees in '000											
<b>Net carrying value as at September 30, 2015</b>											
Opening Net Book Value (NBV)	93,500	135,920	69,780	638,999	1,835	10,547	2,934	5,654	959,169	127,143	1,086,312
Direct Additions at Cost	—	—	—	—	—	—	272	—	272	—	272
Transfer from Capital Work in Progress	—	2,091	776	140,282	—	—	—	—	143,149	—	143,149
Transfer from Leased to Owned at WDV	—	—	—	88,655	—	—	—	—	88,655	(88,655)	—
Assets Sold and Leased Back	—	—	—	(30,000)	—	—	—	—	(30,000)	30,000	—
Depreciation charge for the year	—	(13,766)	(7,043)	(38,565)	(184)	(2,109)	(390)	(283)	(62,340)	(3,116)	(65,455)
<b>Closing Net Book Value</b>	<b>93,500</b>	<b>124,245</b>	<b>63,513</b>	<b>799,370</b>	<b>1,651</b>	<b>8,438</b>	<b>2,816</b>	<b>5,371</b>	<b>1,098,904</b>	<b>65,373</b>	<b>1,164,277</b>
<b>Gross carrying value as at Sept 30, 2015</b>											
Cost	7,043	27,362	12,365	729,769	6,470	21,930	11,702	5,867	822,507	70,000	892,507
Accumulated Depreciation - Cost	—	(16,970)	(8,576)	(231,691)	(4,819)	(13,492)	(8,886)	(496)	(284,930)	(4,627)	(289,557)
	7,043	10,392	3,789	498,078	1,651	8,438	2,816	5,371	537,577	65,373	602,950
Revaluation	86,457	158,654	73,618	378,502	—	—	—	—	697,231	—	697,231
Accumulated Depreciation - Revaluation	—	(44,801)	(13,894)	(77,209)	—	—	—	—	(135,904)	—	(135,904)
	86,457	113,853	59,724	301,293	—	—	—	—	561,327	—	561,327
<b>Total Net Book Value</b>	<b>93,500</b>	<b>124,245</b>	<b>63,513</b>	<b>799,370</b>	<b>1,651</b>	<b>8,438</b>	<b>2,816</b>	<b>5,371</b>	<b>1,098,904</b>	<b>65,373</b>	<b>1,164,277</b>
<b>Depreciation rate % per annum</b>	—	10	10	5	10	20	10 & 20	5		5	



**5.1.1** The Company's freehold land, building and plant and machinery were revalued on September 30, 2014, by independent professional valuator M/s Oceanic Surveyors (Pvt) Limited at fair market value. The resultant surplus on revaluation has been credited to the surplus on revaluation of property, plant & equipment.

**5.1.2** Depreciation charge for the year has been allocated as under:

		2016 (Rupees in '000)	2015 (Rupees in '000)
Cost of Sales	Note 26	56,124	55,730
Administrative Expenses	Note 29	9,501	9,725
		<u>65,625</u>	<u>65,455</u>

**5.1.3** The following Property, plant and equipments were sold during the year:

Particulars	Cost	Written Down Value	Sale Proceeds	Gain on Sale	Mode of Sale	Purchaser
.....Rupees in '000.....						
Vehicles - Motorcycles (Various) having carrying value below Rs. 50,000					Company Policy	Various Employees
<b>September 30, 2016</b>	<u>1,150</u>	<u>290</u>	<u>1,083</u>	<u>793</u>		
September 30, 2015	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>		

## 5.2 Capital work-in-progress

	Cost at October 01	Capital expenditure incurred during the year	Transferred to operating fixed assets	Cost at September 30
..... Rupees in '000 .....				
..... 2016 .....				
Plant and Machinery - under erection				
Owned	2,362	223,192	12,324	213,230
Leased	—	70,000	—	70,000
Civil works under construction	—	58,720	—	58,720
Borrowing cost related to plant & machinery Note 5.2.1	—	2,384	—	2,384
<b>As at September 30, 2016</b>	<u>2,362</u>	<u>354,296</u>	<u>12,324</u>	<u>344,334</u>
..... 2015 .....				
Plant and Machinery - under erection	57,169	85,475	140,282	2,362
Civil works under construction	2,867	—	2,867	—
<b>As at September 30, 2015</b>	<u>60,036</u>	<u>85,475</u>	<u>143,149</u>	<u>2,362</u>

**5.2.1** Effective rate of interest charged for borrowing cost is 8.51% to 10.30% (2015: Nil)

		2016	2015
		(Rupees in '000)	
<b>6</b>	<b>INTANGIBLE ASSET</b>		
	<b>Computer Software</b>		
	<b>Net carrying value as at Sep 30</b>		
	Opening net book value (NBV)	869	497
	Additions at cost during the year	—	638
	Amortization charged during the year	(425)	(266)
	<b>Closing Net Book Value</b>	<b>444</b>	<b>869</b>
	<b>Gross carrying value as at Sep 30</b>		
	Cost	1,275	1,275
	Accumulated Amortization	(831)	(406)
		<b>444</b>	<b>869</b>
<b>6.1</b>	The cost is being amortized using straight line method over a period of three years.		
<b>7</b>	<b>LONG TERM DEPOSITS</b>		
	Finance lease deposits	18,000	7,500
	Lease deposit being adjustable within next twelve months classified under current assets	(6,000)	—
		<b>12,000</b>	<b>7,500</b>
	Ijarah lease deposit	2,930	2,930
	Other security deposits	536	536
		<b>15,467</b>	<b>10,966</b>
<b>7.1</b>	This represent deposit of Rs. 2,930 thousand (2015: Rs. 2,930 thousand) placed with shariah compliant financial institution.		
<b>8</b>	<b>DEFERRED COST</b>		
	Opening balance at the beginning of the year	33,373	—
	Incurred during the year	5,140	41,716
	Amortization charged during the year	(9,628)	(8,343)
		<b>28,885</b>	<b>33,373</b>
<b>8.1</b>	Deferred costs represent the costs incurred in respect of obtaining an independent / dedicated feeder for evacuation of power from the Company's power generation unit to Grid Station. The benefit of these costs are expected to be received over the period of license; however, the same are being amortized over the period of Power Purchase Agreement that is five years.		
<b>9</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
	Stores	26,853	24,611
	Spare parts	36,193	30,661
	Loose tools	2,540	2,679
		<b>65,586</b>	<b>57,951</b>
	Provision for slow moving items and obsolescence	15,911	15,625
		<b>49,675</b>	<b>42,326</b>
<b>9.1</b>	<b>Reconciliation of provision for slow moving and obsolete items</b>		
	Opening balance at the beginning	15,625	14,354
	Charge for the year	286	1,271
	Closing balance at the end	<b>15,911</b>	<b>15,625</b>

		2016 (Rupees in '000)	2015
<b>10 STOCK-IN-TRADE</b>			
Sugar	Note 10.1 & 26	599,509	557,362
Sugar in process	Note 26	1,609	510
Molasses in process		179	226
Baggasse		4,770	2,846
		<u>606,067</u>	<u>560,944</u>
<b>10.1</b>	The closing stock of sugar having carrying value of Rs. 350,383 thousands (2015: Rs. 46,094 thousand) has been pledged against cash finance obtained from Banking Companies.		
<b>11 TRADE DEBTS</b>			
Unsecured - Considered Good	Note 11.1	—	11,635
<b>11.1</b>	This represents receivable from Hyderabad Electric Supply Company (HESCO) in respect of electricity generated and transmitted. During the year amount has been received and there is no outstanding balance in respect of sale of power.		
<b>12 LOANS AND ADVANCES</b>			
<b>Interest free</b>			
<b>Secured</b>			
Loans to Employees - Other than CEO, Directors & Executives	Note 12.1	1,262	1,500
<b>Un-Secured</b>			
Advances to			
- Employees against salaries		96	559
- Contractors and suppliers		12,533	11,527
- Growers			
Considered good			
- non interest bearing	Note 12.2 & 12.3	36,406	9,137
- interest bearing	Note 12.2 & 12.4	54,663	1,880
Considered doubtful		6,925	6,925
		97,994	17,942
Impairment allowance against doubtful growers advances		6,925	6,925
		91,069	11,017
		<u>104,960</u>	<u>24,603</u>
<b>12.1</b>	Loans and advances have been given to employees for the purchase of house hold equipments and housing assistance in accordance with the terms of the employments and are repayable in the different monthly installments and are non-interest / mark-up bearing. These are secured against the retirement benefits.		
<b>12.2</b>	The Company makes advances to growers which comprises of cash payments and also in shape of fertilizers / seeds, as an advance which is adjustable against the supplies of sugarcane during the following season.		
<b>12.3</b>	It includes an amount of Rs. 2,341 thousand (2015: Nil thousand) in respect of due from related parties. The maximum month aggregate amount due from related parties during the year was Rs. 7,554 thousand (2015: Rs. 6,095 thousand).		

## 12.3.1 Aging analysis of due from related parties is as follows:

	2016 (Rupees in '000)	2015
Upto five months	500	—
Upto three months	1,841	—
	<u>2,341</u>	<u>—</u>

- 12.4 This includes interest charged @ 8.36% (2015: 9.08%) to growers, during the year, amounting to Rs. 2,474 thousand (2015: Rs. 2,189 thousand). During the year 2015, advances to growers disbursed and adjusted against cane supplies before year end.

## 13 TRADE DEPOSITS &amp; SHORT TERM PREPAYMENTS

## Trade Deposits

Bank Guarantee Margin	Note 24.2	6,250	—
Lease deposit being adjustable within next twelve months	Note 7	6,000	—
		<u>12,250</u>	<u>—</u>

## Short Term Prepayments

Prepaid Insurance		1,135	457
Prepaid Rent		1,280	480
Others		75	75
		<u>2,490</u>	<u>1,012</u>
		<u>14,740</u>	<u>1,012</u>

## 14 OTHER RECEIVABLES

Inland freight subsidy receivable	Note 14.1	—	18,713
Due from deceased executive	Note 14.2	—	—
Further sales tax refundable	Note 14.3	8,558	4,283
Road Cess	Note 14.4	3,613	3,613
		<u>12,171</u>	<u>26,609</u>

## 14.1 Inland Freight Subsidy receivable

Due from Trade Development Authority of Pakistan		18,713	18,713
Impairment allowance there against		(18,713)	—
		<u>—</u>	<u>18,713</u>

These were the receivable from the Government of Pakistan through Trade Development Authority of Pakistan. Total receivable in this respect amounted to Rs. 21,703 thousands; however an amount of Rs. 2,990 thousand relating to the export sales of year 2013-14, has not been accounted for in the books as a matter of prudence. Further, due to uncertainties regarding the recoverability of the subsidy, and as a matter of prudence, an impairment allowance has been made against the amount of Inland Freight Subsidy already recorded.

## 14.2 Due from deceased executive:

Due from deceased executive		12,996	12,996
Impairment allowance there against		(12,996)	(12,996)
		<u>—</u>	<u>—</u>

- 14.3** This represent Further Sales Tax of one percent and two percent on sales to unregistered persons. The Company has paid Further Tax in the monthly Sales Tax & Federal Excise Returns for the month of June 2013 amounting to Rs. 764 thousand and July 2013 amounting to Rs. 3,519 thousand on buyers behalf which aggregated to Rs. 4,283 thousand and not received by the buyers. In addition, during the year, an amount of Rs. 4,275 thousand on account of Further Tax at the rate of two percent on sales to unregistered persons has again been paid by the Company and not received by the buyers. The Company has applied for the refund and the matter is pending for the final decision.
- 14.4** This represents receivable of Mill & Growers share of Sugarcane (Development) Cess for the crushing season 2014-15. The Company has paid the Cess and as per the notification issued by the Agriculture, Supply & Prices Department, Government of Sindh, the Company has filed documentation in this respect in the relevant department for refund of the said Cess. The outcome of the same is awaited.

		2016 (Rupees in '000)	2015
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		364	82
Cash at banks			
- current accounts	Note 15.1	122,891	9,667
		<u>123,255</u>	<u>9,749</u>

- 15.1** Cash at banks include Rs. 43,451 thousand (2015: Rs. 1,495 thousand) with shariah compliant financial institutions.

			2016 (Rupees in '000)	2015
<b>16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>				
	2016	2015		
	10,860,000	10,860,000	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	108,600
	1,086,000	1,086,000	Ordinary shares of Rs.10 each allotted as bonus shares	10,860
	<u>11,946,000</u>	<u>11,946,000</u>	<u>119,460</u>	<u>119,460</u>

**17 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT**

Gross opening balance	561,327	595,157
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	(22,696)	(23,004)
Deferred Tax on Incremental Depreciation charged on surplus on revaluation of property, plant & equipment	(9,726)	(10,826)
	<u>(32,422)</u>	<u>(33,830)</u>
	528,905	561,327
Related deferred Tax	(132,734)	(151,957)
Revaluation surplus net of deferred tax	<u>396,171</u>	<u>409,370</u>



		2016 (Rupees in '000)	2015
<b>18 LONG TERM FINANCING</b>			
<b>Secured</b>			
<b>From Banking Company under mark-up arrangements</b>			
Demand Finance - I	Note 18.1 & 18.3	66,000	88,000
Demand Finance - II	Note 18.2 & 18.3	138,414	—
		<b>204,414</b>	88,000
Current portion shown under current liabilities		(22,000)	(22,000)
		<b>182,414</b>	66,000

**18.1** This represents Demand Finance I obtained from MCB Bank Limited under mark-up arrangements with a grace period of one year from disbursement of loan and is repayable in 16 varying quarterly installments starting from December 2015 with a mark-up payments @ 3 months KIBOR + 2.5% on quarterly basis.

**18.2** This represents Demand Finance II obtained from MCB Bank Limited under mark-up arrangements with a grace period of one year from disbursement of loan and repayable in 16 quarterly installments starting from November 2017 with a mark-up payments @ 3 months KIBOR + 2.5% on quarterly basis. The aggregate financing facility amounted to Rs. 248,000 thousands (2015: Nil), out of which Rs. 109,586 thousand (2015: Nil) were un-availed as at the year end.

**18.3** The above loans are secured against the Personal Guarantees of all Sponsoring Directors. 1st Exclusive Charge over specific plant & Machinery. 1st Registered Exclusive charge over all Land & Building of the Company. Additionally secured against 1st paripassu charge over other plant & machinery of the Company.

		2016 (Rupees in '000)	2015
<b>19 LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE</b>			
Balance at the beginning of the year		53,094	79,495
Lease obtained during the year		70,000	30,000
Repayments during the year		(15,502)	(56,401)
		<b>107,592</b>	53,094
Less: Current portion shown under current liabilities		27,474	15,454
Note 19.1		<b>80,118</b>	37,640

**19.1** The amounts of future payments for the lease and the period of their maturity is as follows:

	Minimum Lease Payments (MLP)	Financial Charges	Present Value of MLP
	Rupees in 000		
	2016		
Rentals due within one year	34,183	6,709	27,474
Rentals due after one year but within five years	94,309	14,191	80,118
<b>Balance as at September 30, 2016</b>	<b>128,492</b>	<b>20,900</b>	<b>107,592</b>
	2015		
Rentals due within one year	19,858	4,404	15,454
Rentals due after one year but within five years	42,066	4,426	37,640
<b>Balance as at September 30, 2015</b>	<b>61,924</b>	<b>8,830</b>	<b>53,094</b>

- 19.1.1** The Company has entered into sale & lease back agreement, for an amount of Rs. 40,000 thousands & Rs. 30,000 thousand with Orix Leasing Pakistan Limited. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit and intends to opt such option. Minimum lease payments have been discounted using rates linked with KIBOR ranging between 11.07% to 12.04% (2015: 12.04% to 15.69%) being rates implicit in the lease. Lease rentals are payable in 48 months on monthly basis starting from July 2013 and October 2015 respectively.
- 19.1.2** During the year, the Company has entered into lease agreement, for an amount of Rs. 70,000 thousands with Sindh Leasing Company Limited. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit and intends to opt such option. Minimum lease payments have been discounted using rates linked with 6 Months Kibor plus 4.25%. Lease rentals are payable in 60 months in arrears on monthly basis starting after the final payment to be made after erection of lease assets. The aggregate lease financing facility amounted to Rs. 80,000 thousands (2015: Nil), out of which Rs. 10,000 thousand (2015: Nil) were un-utilized as at the year end.

		2016	2015	
		(Rupees in '000)		
20	DEFERRED LIABILITIES			
	Deferred taxation	Note 20.1	190,966	232,046
	Market committee fee	Note 20.2 & 24.1.1	53,560	47,924
	Employees retirement benefits			
	- Defined benefit plan	Note 20.3	50,541	45,379
			295,067	325,349
20.1	Deferred taxation:			
	Opening Balance		232,046	238,788
	Impact of Surplus on revaluation during the year & effect of change in tax rate		(9,497)	(5,087)
	Impact of deferred tax on actuarial gain		1,457	—
	Reversal during the year	Note 33	(33,040)	(1,655)
	Closing balance		190,966	232,046
20.1.1	Deferred tax (debit) / credit arising due to:			
	Deferred tax credit arising due to:			
	– surplus on revaluation		132,734	151,958
	– accelerated depreciation		110,124	117,391
	– assets obtained under finance lease		7,354	3,929
			250,212	273,278
	Deferred tax debit arising due to:			
	– provisions / impairment		(41,980)	(41,232)
	– minimum tax carried forward		(17,266)	—
			190,966	232,046
20.2	Market committee fee			
	Opening Balance		47,924	41,621
	Charge during the year		5,636	6,303
	Closing balance		53,560	47,924

**20.3 Defined Benefits Plan:**

The Company operates an unfunded gratuity scheme for its employees eligible to the benefit effective from July 01, 2003 and provision is made as per actuarial valuation of the scheme conducted as of September 30, 2016 by M/s Nauman Associates (Consulting Actuaries) under the "Projected Unit Credit" method. The significant actuarial assumptions used for actuarial valuation for the gratuity scheme are as follows:

	2016 (Rupees in '000)	2015
<b>20.3.1 Movement in the present value of the obligation</b>		
Present value of obligation at the beginning of the year	45,379	40,429
Charge for the year		
Current service cost	5,800	5,726
Interest cost	5,996	4,644
	11,796	10,370
Benefits paid during the year	(1,933)	(5,420)
Remeasurement gain & experience adjustments Note 20.3.4	(4,701)	—
Present value of obligation at the end of the year	50,541	45,379
<b>20.3.2 Expense for the year charged to Profit &amp; Loss Account</b>		
Current service cost	5,800	5,726
Interest cost	5,996	4,644
	11,796	10,370
<b>20.3.3 Charge for the year has been allocated as under:</b>		
Cost of sales Note 26.1	8,847	7,778
Administrative expenses Note 29.1	2,949	2,592
	11,796	10,370
<b>20.3.4 Remeasurement gain &amp; experience adjustments</b>		
Actuarial gains from changes in financial assumptions	563	—
Experience adjustments	4,138	—
	4,701	—
<b>20.3.5 Significant Actuarial Assumptions</b>		
Discount rate used for interest cost	13.50%	11.50%
Discount rate used for year end obligation	7.25%	13.50%
Salary increased used for year end obligation	6.25%	12.50%
Retirement age	Age 60	Age 60
Mortality Rates	SLIC	SLIC
	2001-2005	2001-2005
	Setback	Setback
	1 year	1 year
<b>20.3.6 Year end Sensitivity Analysis (<math>\pm</math> 100 bps) on Defined Benefit Obligation</b>		
Discount Rate + 100 bps	47,711	42,765
Discount Rate - 100 bps	53,732	48,009
Salary Increase + 100 bps	53,799	48,064
Salary Increase - 100 bps	47,599	42,653

		2016 (Rupees in '000)	2015	
<b>21</b>	<b>TRADE AND OTHER PAYABLES</b>			
	Creditors	Note 21.1	241,922	184,294
	Accrued liabilities		25,818	34,387
	Advances from customers		—	1,189
	Sales tax / FED payable		—	9,681
	Worker's Profit participation Fund	Note 21.2	594	4,822
	Worker's Welfare Fund		3,381	3,155
	Unclaimed dividend		13,736	1,550
	Other liabilities	Note 21.3	3,964	3,287
			<u>289,415</u>	<u>242,365</u>
<b>21.1</b>	This includes and amount of Rs. 413 thousand (2015: Nil) due to related parties.			
<b>21.1.1</b>	The maximum aggregate amount due to related parties at any month end during the year was Rs. 13,135 thousand (2015: Rs. 8,906 thousand).			
<b>21.2</b>	<b>Workers Profit Participation Fund</b>			
	Opening balance at the beginning of the year		4,822	1,938
	Interest paid on funds utilized by the Company	Note 21.2.1	287	110
			<u>5,109</u>	<u>2,048</u>
	Less: Payments made during the year		(5,109)	(2,048)
	Add: Allocation for the year	Note 30	594	4,822
	Closing balance at the end of the year		<u>594</u>	<u>4,822</u>
<b>21.2.1</b>	The effective rate of interest applied during the year was 12.5% (2015: 15%).			
<b>21.3</b>	<b>Other liabilities</b>			
	Sales tax withheld		27	474
	Income tax deducted at source		2,279	633
	Cane field staff	Note 21.3.1	214	1,025
	Others - Employees' social security & old age benefits, workers compensation & others		1,444	1,155
			<u>3,964</u>	<u>3,287</u>
<b>21.3.1</b>	These represents amount received from cane field employees under Company's motor cycle policy.			
<b>22</b>	<b>ACCRUED FINANCE COST</b>			
	Accrued financial charges on liabilities against asset subject to finance lease		317	175
	Accrued mark-up on long term financing		2,720	2,108
	Accrued mark-up / Profit on short term borrowings	Note 22.1	17,265	11,473
			<u>20,302</u>	<u>13,756</u>
<b>22.1</b>	Accrued Markup / profit on short term borrowings includes Rs. 8,809 thousand (2015: Rs. 5,826 thousand) in respect of shariah compliant financial institution.			

		2016 (Rupees in '000)	2015
<b>23</b>	<b>SHORT TERM BORROWINGS -Secured</b>		
	Cash Finance / Karobar Finance	Note 23.1 & 23.2	
	Running Finance	Note 23.1	
		<b>569,680</b>	242,343
		<b>75,000</b>	74,961
		<b>644,680</b>	<b>317,304</b>

**23.1** The aggregate financing facilities obtained amounted to Rs. 1,725,000 thousands (2015: Rs. 1,525,000 thousands), out of which Rs. 1,080,320 thousand (2015: Rs. 1,207,696 thousand) were un-availed as at the year end. These are secured by pledge of sugar stocks under the supervision of approved muddad and hypothecation over current assets of the Company, exclusive & pari passu hypothecation charge on Company's plant & machinery and 1st equitable mortgage charge over fixed assets of the Company. The financing facilities are collaterally secured by the personal guarantees of all the sponsor directors. The facilities carries markup at 3 & 6 months KIBOR as base rate plus 2% to 2.75% per annum (September 2015: 2% & 3%) chargeable and payable quarterly. The facility is renewable annually at the time of maturity.

**23.2** Cash Finance / Karobar Finance includes Rs. 200,000 thousand (2015: Rs. 200,000 thousand) in respect of shariah compliant financial institution.

## **24 CONTINGENCIES AND COMMITMENTS**

### **24.1 Contingencies:**

**24.1.1** The Company has filed a suit in the Honourable High Court of Sindh against the levy of market committee fee by the Government of Sindh on sugarcane purchases at the factory. The Sindh High Court has granted status quo. Full provision of Rs. 53,560 thousands (2015: Rs. 47,924 thousands) has been made as a matter of prudence, which includes Rs. 5,636 thousands for the current crushing season 2015-2016. Refer note 20.2 of the financial statements.

**24.1.2** The Company has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Proceedings are pending thereat. There are no financial implications related to this at the moment.

**24.1.3** The Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) Challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-2009 amounting to Rs. 1,915 thousands. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. The constitutional petition filed before the Honourable High Court of Sindh has been allowed in favour of the Company. In the meantime the legal counsel of the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgment in the Honourable Supreme Court of Pakistan. No provision has been made in this respect, as the Company is confident that the same is not likely to be materialized.

**24.1.4** The matter of quality premium continues to be pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company purchased sugar cane at market rate,



which was higher than minimum support price fixed by the government during the period from 2004-2016. The resultant aggregate excess payment on account of various subsidies born by Company was higher than that absorbed the quality premium for the said years of Rs. 780,942 thousand. It also holds the view that uniform formula being developed by MINFAL for mills and cane growers would be applicable prospectively. In view of above, the Company has not recorded any obligation.

**24.1.5** The Company filed a suit before the Honorable High Court of Sindh during the season 2013-14 against the cane purchase price of Rs. 172 per 40 kg as fixed by Government of Sindh which was dismissed by the Honorable High Court and the matter was taken up by the Company with the Honorable Supreme Court of Pakistan. In the due course of time, the Government of Sindh fixed the price of sugarcane for the season 2014-15 at Rs. 182 per 40 Kg in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honorable High Court of Sindh. The Honorable High Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kg for crushing season 2014-15 whereas Rs. 12 per 40 kg will be paid by the Government of Sindh. The Honorable High Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honorable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent upon the decision of Honorable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 in the financial statements aggregating to Rs. 157,579 thousand.

#### **24.2 Guarantee:**

Rs. 25,000 thousand (2015: Nil) guarantee issued by the Bank for six months period in favour of Engro Fertilizers Limited on behalf of the Company for the procurement of Fertilizers for onward supply to sugarcane growers. The guarantee is secured against the 25% cash margin and rest against the existing charge over current and fixed assets of the Company held as collateral. Also refer note no 13 of the financial statements.

#### **24.3 Commitments:**

**24.3.1** Capital commitments in respect of civil works and plant & machinery amount to Rs. 74,000 thousands (2015: Rs. 33,649 thousands).

**24.3.2** The Company has entered into Ijarah Lease agreement, for the amount of Rs. 29,334 thousands with Al-Baraka Bank Pakistan Limited to acquire of Shredder Turbine for enhancing power generation capacity. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit. Ijarah Rentals are based on profit rates linked with KIBOR aggregating to 9.544% to 12.028%. Ijarah lease rentals are payable in 20 quarterly installments starting from March 2014.

The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	2016 (Rupees in '000)	2015
Not more than one year	7,134	7,468
More than one year but not more than five years	8,917	16,803
	<u>16,051</u>	<u>24,271</u>

**24.3.2.1** Ijarah Lease is arrangement with shariah compliant financial institution.

		2016 (Rupees in '000)	2015
<b>25 SALES</b>			
Local Sales		3,065,115	3,098,696
Less: Brokerage Commission		(1,454)	—
Federal Excise Duty / Sales Tax / Further Tax		(231,004)	(229,532)
		(232,458)	(229,532)
		<b>2,832,657</b>	<b>2,869,164</b>
<b>26 COST OF SALES</b>			
Sugar cane consumed (including cane procurement expenses)		2,678,277	2,708,922
Salaries, wages and staff benefits	Note 26.1	120,831	113,427
Stores, spare parts & loose tools consumed		89,585	105,871
Fuel, power & utilities		6,382	14,961
Insurance		7,377	7,550
Repairs and maintenance		5,571	5,235
Vehicle running expenses		7,747	9,836
Ijarah Lease Rentals	Note 26.2	6,664	8,038
Depreciation	Note 5.1.2	56,124	55,730
Amortization of deferred cost	Note 8.1	9,628	8,343
Other expenses		9,221	10,979
		<b>2,997,407</b>	<b>3,048,892</b>
Sale of Electric Power	Note 26.3	35,946	11,635
<b>Sugar -in-process</b>			
– Opening		510	886
– Closing	Note 10	(1,609)	(510)
		(1,099)	376
		<b>2,960,362</b>	<b>3,037,633</b>
Sale of Molasses		219,931	277,274
Inventory adjustment		(47)	(24)
		219,884	277,250
Sale of Baggasse	Note 26.4	15,332	29,080
Inventory adjustment		1,924	2,696
		17,256	31,776
Cost of goods manufactured		<b>2,723,222</b>	<b>2,728,607</b>
<b>Finished sugar</b>			
– Opening stock		557,362	440,832
– Closing stock	Note 10	(599,509)	(557,362)
		(42,147)	(116,530)
		<b>2,681,075</b>	<b>2,612,077</b>

**26.1** Salaries, wages and benefits include Rs. 8,847 thousands (2015: Rs. 7,778 thousands) in respect of defined benefit plan.

**26.2** Ijarah Lease rentals are paid in respect of arrangement with shariah compliant financial institution.

**26.3** These figures are net off sales tax of Rs. 6,111 thousands (2015: Rs. 1,978 thousands).

**26.4** These figures are net off sales tax of Rs. 2,606 thousands (2015: Rs. 4,944 thousands).

		2016 (Rupees in '000)	2015
<b>27</b>	<b>PROFIT ON TRADING ACTIVITIES</b>		
	Sales	27,193	—
	Less: Sales Tax	(1,295)	—
		25,898	—
	Less: Purchases & other expenses thereon	23,719	—
		2,179	—
<b>28</b>	<b>DISTRIBUTION COST</b>		
	Handling and stacking	522	769
<b>29</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries, wages and staff benefits	51,067	48,725
	Rent, rates and taxes	1,059	1,181
	Communication	744	532
	Repairs and maintenance	418	632
	Utilities	598	495
	Entertainment	623	545
	Subscription	3,531	1,992
	Cartage	27	24
	Printing and stationery	942	1,289
	Insurance	2,459	2,517
	Legal and professional charges	1,407	1,542
	Conveyance and traveling	3,681	2,870
	Depreciation	9,501	9,725
	Amortization of intangible asset	425	266
	Others	1,517	3,209
		77,999	75,544
<b>29.1</b>	Salaries, wages and benefits include Rs. 2,949 thousands (2015: Rs. 2,592 thousands) in respect of defined benefit plan.		
<b>30</b>	<b>OTHER OPERATING EXPENSES</b>		
	Auditors' remuneration	1,149	869
	Impairment allowance for inland freight subsidy	18,713	—
	Corporate social responsibility costs	1,200	1,156
	Workers Profit Participation Fund	594	4,822
	Workers Welfare Fund	226	1,832
	Provision for slow moving and obsolete items	286	1,271
		22,168	9,950

	2016 (Rupees in '000)	2015
<b>30.1 Auditors' remuneration</b>		
<b>Statutory Auditors - Kreston Hyder Bhimji and Co.</b>		
Audit fee	675	600
Half yearly review fee	55	50
Code of corporate governance certification	40	30
Sindh Sales Tax on Services	62	41
	832	721
<b>Cost Auditors - Siddiqi and Co.</b>		
Audit fee	280	125
Out of pocket expenses	15	15
Sindh Sales Tax on Services	22	8
	317	148
	<b>1,149</b>	<b>869</b>
<b>30.2</b> Corporate social responsibility costs do not include any amount paid to any person or organization in which any director or their spouse had any interest.		
<b>31 OTHER INCOME</b>		
<b>Income from non financial assets:</b>		
Gain on sale of items of property, plant and equipment	793	—
Others - Rent & related receipts	65	81
	858	81
<b>Income from others:</b>		
Insurance Claim	5,202	—
Liabilities written back	787	—
	5,989	—
	<b>6,847</b>	<b>81</b>
<b>32 FINANCE COST</b>		
Mark-up on long term financing	6,878	6,077
Mark-up / profit on short-term borrowings Note 32.1 & 32.2	36,802	70,311
Financial charges on liabilities against asset subject to finance lease	4,095	3,788
Bank charges	797	836
Interest on worker's profit participation fund	287	110
	<b>48,859</b>	<b>81,122</b>
<b>32.1</b> Finance cost includes Rs. 18,712 thousand (2015: Rs. 38,827 thousand) in respect of financing under shariah compliant arrangements.		
<b>32.2</b> This amount is net off of Rs. 2,474 thousand (2015: Rs. 2,189 thousand) in respect of grower finance to be recovered from growers.		

	2016 (Rupees in '000)	2015
<b>33 TAXATION</b>		
Current year	30,147	34,038
Deferred	(33,040)	(1,655)
	<u>(2,893)</u>	<u>32,383</u>
<b>33.1</b>	Provision for current taxation represents the minimum tax being the turnover tax under section 113 of Income Tax Ordinance, 2001 net of available tax credits, hence tax reconciliation of tax expense with accounting profit is not presented for the current year.	
<b>33.2</b>	Subsequent to the balance sheet date, as disclosed in note no 44.2, the Board of Directors have recommended dividend of Paisa Sixty only (Rs. 0.6) per share i.e. 6%, which is in excess of lower of 40% of its taxable profit and 50% of paid up capital and is expected to be paid within six months of the end of the tax year. Accordingly no provision for tax on undistributed reserves under section 5A of the Income Tax Ordinance 2001 is made in these financial statements.	
<b>34 EARNING PER SHARE - Basic and Diluted</b>	<b>2016 (Rupees in '000)</b>	<b>2015</b>
Profit after taxation ( Rupees '000 )	13,953	57,400
Number of ordinary shares	11,946,000	11,946,000
Earning per share - (Rupees)	1.17	4.80
There is no dilutive effect on the basic earnings per share of the Company.		
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalent comprise of the following items		
Cash and bank balances	123,255	9,749
Less: Short term borrowings	(644,680)	(317,304)
	<u>(521,425)</u>	<u>(307,555)</u>
<b>36 FINANCIAL INSTRUMENTS</b>		
<b>36.1 FINANCIAL ASSETS AND LIABILITIES</b>		

Table below summarizes the maturity profile of the Company's financial assets and liabilities at the following reporting periods.

2016							
	Interest / Mark-up bearing			Non Interest / Mark-up bearing			
Interest / markup rate	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total 2016
..... (Rupees in ‘000) .....							
<b>Financial Assets</b>							
Deposits	—	—	—	12,250	15,467	27,717	27,717
Loans and advances	—	—	—	1,358	—	1,358	1,358
Cash and bank balances	—	—	—	123,255	—	123,255	123,255
<b>T O T A L 2016</b>	—	—	—	<b>136,863</b>	<b>15,467</b>	<b>152,330</b>	<b>152,330</b>
<b>Financial Liabilities</b>							
Long Term Finance	3 M Kibor + 2% & 2.5%	22,000	182,414	204,414	—	—	204,414
Liabilities against assets subject to finance lease	11.07% to 12.04%	27,474	80,118	107,592	—	—	107,592
Trade & other payables	12.50%	594	—	594	288,821	288,821	289,415
Accrued mark-up		—	—	—	20,302	20,302	20,302
Short-term borrowings	3 & 6 M Kibor + 2% to 2.75%	644,680	—	644,680	—	—	644,680
<b>T O T A L 2016</b>		<b>694,748</b>	<b>262,532</b>	<b>957,280</b>	<b>309,123</b>	<b>309,123</b>	<b>1,266,403</b>



2015							
	Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total 2015
	Interest / markup rate	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total
(Rupees in '000)							
<b>Financial Assets</b>							
Deposits	—	—	—	—	—	10,966	10,966
Trade debts	—	—	—	—	11,635	—	11,635
Loans and advances	—	—	—	—	2,059	—	2,059
Cash and bank balances	—	—	—	—	9,749	—	9,749
<b>TOTAL 2015</b>	—	—	—	—	<b>20,443</b>	<b>10,966</b>	<b>34,409</b>
<b>Financial Liabilities</b>							
Long Term Finance	3 M Kibor + 2.5%	22,000	66,000	88,000	—	—	—
Liabilities against assets subject to finance lease	12.04% to 15.17%	15,454	37,640	53,094	—	—	—
Trade & other payables	1M Kibor + 2% to 3%	4,822	—	4,822	236,354	—	236,354
Accrued mark-up	—	—	—	—	13,756	—	13,756
Short-term borrowings	3 & 6 M Kibor + 2% to 3%	317,304	—	317,304	—	—	—
<b>TOTAL 2015</b>		<b>359,580</b>	<b>103,640</b>	<b>463,220</b>	<b>250,110</b>	<b>—</b>	<b>250,110</b>
							<b>713,330</b>

## 37 FINANCIAL RISKS MANAGEMENT

### 37.1 Financial Risk Management Objectives, Policies and Responsibilities

The Company's overall risk management programs focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's operations. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and control, and to monitor risks and adherence to limits.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risks, interest rate risks, credit risks, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purpose shall be undertaken.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

#### 37.1.1 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The company is subject to following market risks;

##### 37.1.1.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign exchange. The Company is not exposed to currency risk as at balance sheet date

**37.1.1.2 Interest / Mark-up rate risk**

Interest / mark-up rate risk is the risk that value or future cash flows of the financial instruments will fluctuate because of changes in market interest / mark-up rates. The Company has mainly long term finance, liabilities against asset subject to finance lease, short term borrowings and worker's profit participation fund which are based at varying rates.

At the reporting date, the interest rate profile of the Company's significant interest / mark-up bearing financial instruments are as follows:

	2016	2015	2016	2015
	Effective interest / markup rate (in percent)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments				
On Balance Sheet				
Long Term Finance	3 M Kibor + 2% & 2.5%	3 M Kibor + 2.5%	204,414	88,000
Finance lease obligation	11.07% to 12.04%	12.04% to 15.17%	107,592	53,094
Short term borrowings	3 & 6 M Kibor + 2% to 2.75%	3 M Kibor + 2% to 3%	644,680	317,304
Workers Profit Participation Fund	12.5%	15%	594	4,822
			957,280	463,220
Off Balance Sheet				
Ijarah Rentals	9.544% to 12.028%	12.028% to 12.42%	16,051	24,271

**Sensitivity analysis****Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate instruments at fair value through profit & loss account.

**Cash flow sensitivity analysis for variable rate instruments.**

A change of 100 basis points in interest / mark-up rates at the reporting date would have decreased / (increased) profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	..... 2016 .....		..... 2015 .....	
	(Rupees in '000 )		(Rupees in '000 )	
Financial liabilities	Profit and loss 100 bp increase	decrease	Profit and loss 100 bp increase	decrease
Cash flow sensitivity - on balance sheet	<u>(9,573)</u>	<u>9,573</u>	<u>(4,632)</u>	<u>4,632</u>
Cash flow sensitivity - off balance sheet	<u>(161)</u>	<u>161</u>	<u>(243)</u>	<u>243</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

**37.1.1.3 Other Price Risk**

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on such market prices.

**37.1.2 Credit Risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the Chief Executive Officer and Executive Directors. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against the sales and / or through letter of credits and / or by providing adequate allowance for doubtful debts. Where considered necessary, advance payments are obtained from certain parties or by obtain advance payments from counter parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2016	2015
	(Rupees in '000)	
Deposits	27,717	11,446
Trade Debts	—	11,635
Loans and advances	1,358	2,059
Bank balances	122,891	9,667
	<b>151,966</b>	<b>34,807</b>

**a) Deposits**

Deposits are due from leasing companies, ijarah deposits and others. Major amount of the deposits are from leasing companies which have good credit ratings from the rating agencies and also the lease deposits are secured against the leased asset. The other minor deposit are placed with others against which the Company passes of assets. The Company believes that it is not exposed to significant credit risk in this respect.

**b) Loans and Advances**

These represent balances due from employees that are mostly secured against their balances of retirement benefits. Advances given to growers in cash or through fertilizer / seeds are recovered through the adjustments in cane supplies payments in the ensuing season. Impairment allowance has been made against the growers loan became past due and non recoverable. The Company actively pursues for the recovery and based on past experience the Company does not expect that these will fail to meet their obligations hence no impairment allowance is necessary.

**c) Balances with Bank**

The Company limits its exposure to credit risk by maintaining bank balances only with counter-parties that have stable credit rating. Management actively monitors credit ratings of the counter parties and given their high credit ratings, management does not expect that the counter party will fail to meet their obligations.

The bank balances along with the short term credit ratings are tabulated below:

	2016 (Rupees in '000)	2015
A1+	68,541	4,135
A1	101	694
A-1+	54,249	4,837
A-1	1	1
	<u>122,891</u>	<u>9,667</u>

#### 37.1.2.1 Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates as disclosed in respective notes. Management believes that there are no financial asset that are either past due or impaired.

#### 37.1.3 Liquidity Risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities. The maturity profile of the Company's financial assets and liabilities as at the balance sheet date with respect to period lags is given in Note 36.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. As at September 30, 2016, the Company has available un-availed borrowing facilities of Rs. 1,080,320 thousands (2015: Rs. 1,207,696 thousands) and also has cash & bank balances of Rs. 123,255 thousands (2015: Rs. 9,749 thousands). Based on the above, the management believes that the Company is not significantly exposed to the liquidity risk.

#### 37.2 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings less cash and bank balances. The Company's strategy was to maintain leveraged gearing. The gearing ratio as at balance sheet date is as follows:

	2016 (Rupees in '000)	2015
Total financing and borrowings including finance lease	956,686	458,398
Less: Cash and bank balances	(123,255)	(9,749)
Net debt	<u>833,431</u>	<u>448,649</u>
Total Equity	467,266	451,265
Total capital employed	<u>1,300,697</u>	<u>899,914</u>
<b>Gearing Ratio</b>	<u>64.08%</u>	<u>49.85%</u>

**38 FAIR VALUES / MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent and short term deposits, trade & other receivable, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer. The Fair Values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property. Recent valuation was carried on September 30, 2014 and following factors were considered:

Land and Building	The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.
Plant and Machinery	Factors taken into consideration in order to assess the present value of the machinery include Make, Model, Quality, Operational Capacity, Existing Condition, Demand and Resale Prospects, Depreciation and Obsolescence etc.



**39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged during the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company were as follows:

	Chief Executive		Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
(Rupees in '000)								
Non executive Directors' meeting fee - 1 Director (2015: 5 Directors)	—	—	85	200	—	—	85	200
Managerial remuneration	5,262	5,383	1,867	1,192	7,048	7,142	14,177	13,717
Allowances & others	3,047	1,953	827	775	4,004	4,037	7,878	6,765
benefits	8,309	7,336	2,694	1,967	11,052	11,179	22,055	20,482
Number of persons	1	1	1	2	3	3	5	6

The Chief Executive and Executives as stated above are provided with the Company maintained cars and telephone facilities.

During the year, all non-executive directors except one director, waived their directors' fee, which was approved in the Board of Directors meeting.

**40 RELATED PARTY TRANSACTIONS**

The Company in the normal course of business carried out transactions with related parties as detailed below:

Relationship with Company	Nature of Transaction	2016	2015
		(Rupees in '000)	
Key Management Personnel and their relatives	Purchase of sugarcane	39,857	27,069
Key Management Personnel and their relatives	Advances disbursed against cane supplies	22,914	14,594

Transactions, as applicable in relation to Directors of the Company and Key Management Personnel (KMP) have been disclosed in note # 39. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Outstanding balances of related parties as of the balance sheet and maximum month end aggregate balance during the year are disclosed in the respective notes to the financial statements. The advances to related parties against supply of cane were disbursed for the crushing season 2015-16 and 2016-17 (2015: 2014-15 and 2015-16) out of which significant amount had already been adjusted against cane supplied during the crushing season 2015-16 (2015: 2014-15) whereas remaining amount has been adjusted subsequent to the year-end against the cane supplied for the current crushing season 2016-17 (2015: 2015-16).

**41 ENTITY - WIDE INFORMATION**

- 41.1** The Company constitutes of a single reportable segment, the principal class of product is Sugar and by products are Molasses and Baggasse. The Company is also engaged in the sale of electric power generated in excess of in-house consumption which does not constitute reportable segment, as same do not meet thresh-hold criteria.

**41.2 Information about geographical areas**

The Company does not hold non-current assets in any foreign country. There is no revenues from external customers for attribution to foreign countries in these financial statements. The Company is also not dependant on any single customer. The analysis of sugar sales, by products and sales of trading activities are as follows:

	2016 (Rupees in '000)	2015
Local Sales - net	<b>3,129,764</b>	3,187,153

**42 CAPACITY AND PRODUCTION**

	2016		2015	
	Quantity M. Tons	No. of days	Quantity M. Tons	No. of days
Crushing capacity	6,000	Per day	6,000	Per day
Capacity based on actual working days	702,000	117	822,000	137
Actual crushing	563,617	117	630,317	137
Sucrose recovery ( in %)	10.20		10.19	
Sugar production from cane	57,387.5		64,271	

**42.1** Main reason for under utilization of production capacity is lesser availability of sugarcane during the season.

**43 NUMBER OF EMPLOYEES**

The number of employees as at year end was 548 (2015: 532) and average number of employees during the year was 762 (2015: 755) included seasonal employees.

**44 EVENT AFTER THE BALANCE SHEET DATE****44.1 DONATION OF LAND**

The Board of Directors in their meeting held on October 29, 2016 recommended donation of 5 acre land out of total 320 acres Company's land at factory located at Sanghar to Workers Welfare Fund, Government of Pakistan, Islamabad, for the purpose of construction of Fifty Beds Hospital in the vicinity of factory premises of Sanghar Sugar Mills. This has already been approved by the shareholders of the Company in their Extra Ordinary General Meeting held on November 23, 2016. The carrying value of the land as on the balance sheet date is Rs 1,461 thousand whereas its fair value based on revaluation report of an independent professional valuator dated October 20, 2016 is Rs. 2,500 thousand. In order to implement the Agreements, the formalities of transfer of Land and other documentation are in process till date.

**44.2 DIVIDEND**

The Board of Directors of the Company in its meeting held on January 07, 2017 has proposed the following:

Your Directors have decided to pay cash dividend @ Paisa Sixty (Rs. 0.60) per share i.e. 6% for the year ended September 30, 2016.

**45 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on January 07, 2017 by the Board of Directors of the Company.

**46 GENERAL**

Figures have been rounded off to nearest thousand of rupees.

Chief Executive

Director

## Pattern of Share Holding

As at September 30, 2016

Number of Shareholders	From	Share Holding To	Total Shares Held
908	1	100	22,686
114	101	500	32,000
80	501	1000	49,382
62	1001	5000	139,031
36	5001	10000	220,920
3	10001	15000	35,000
2	15001	20000	36,500
3	20001	25000	73,000
3	25001	30000	79,940
3	40001	45000	130,650
1	55001	60000	55,750
1	60001	65000	62,700
3	95001	100000	289,140
1	240001	245000	241,487
1	360001	365000	360,179
1	400001	405000	403,100
2	410001	415000	821,722
1	485001	490000	486,390
1	495001	500000	496,000
1	520001	525000	522,600
2	570001	575000	1,145,722
1	655001	660000	659,250
1	670001	675000	674,750
1	855001	860000	858,000
1	910001	915000	913,000
1	975001	980000	979,000
1	1060001	1065000	1,063,616
1	1090001	1095000	1,094,485
<b>1,236</b>			<b>11,946,000</b>

\* There is no shareholding in the slab not mentioned above.

Category of Shareholders	Number of Shares Held	Percentage %
1 Directors, Chief Executive Officer, and their spouse and minor children	1,844,216	15.4379
2 Associated Companies, undertakings and related parties	—	—
3 Executives	25,290	0.2117
4 NIT & ICP	1,064,016	8.9069
5 Banks, DFIs, NBFIs, Mudarabas and Pension Fund	101,550	0.8501
6 Insurance Companies	410,840	3.4391
7 Joint Stock Companies	16,428	0.1375
8 Shareholders holding 5% or more	5,092,607	42.6302
9 General Public - Local	3,391,053	28.3866
<b>TOTAL</b>	<b>11,946,000</b>	<b>100.0000</b>

## Detail of Pattern of Share Holding

As per Requirement of Code of Corporate Governance

As at September 30, 2016

Category Name	Number of shares held	Percentage %	Category wise Number of shareholders	Category wise shares held	Percentage %
<b>Directors, Chief Executive and their spouse and minor children</b>			7	1,844,216	15.4379
Haji Khuda Bux Rajar	241,487	2.0215			
* Mr. Ghulam Dastagir Rajar	659,250	5.5186			
Mr. Ghulam Hyder	360,179	3.0151			
* Mr. Rahim Bux	572,350	4.7911			
Mr. Mohammad Aslam	3,300	0.0276			
Mr. Qazi Shamsuddin	4,900	0.0410			
Mrs. Khanzady W/o Haji Khuda Bux Rajar	2,750	0.0230			
<b>Associated Companies, Undertaking and related parties</b>			-	-	-
<b>Executives</b>			1	25,290	0.2117
<b>NIT &amp; ICP</b>			2	1,064,016	8.9069
* CDC - Trustee National Investment (Unit) Trust	1,063,616	8.9035			
Investment Corporation of Pakistan	400	0.0033			
<b>Banks, DFIs, NBFIs, Mudarabas and Pension Funds</b>			4	101,550	0.8501
<b>Insurance Companies</b>			2	410,840	3.4391
<b>Joint Stock Companies</b>			7	16,428	0.1375
* <b>Shareholders holding 5% or more</b>			6	5,092,607	42.6302
<b>General Public - Local</b>			1207	3,391,053	28.3866
<b>TOTAL</b>			<b>1,236</b>	<b>11,946,000</b>	<b>100.000</b>

\* Shareholders having 5% or more shares marked as (\*) are shown in their relevant categories. The name wise details of the remaining shareholders having 5% or more given below:

Name of Shareholders	Number of shares held	Percentage %
Mr. Mehboob Ali	573,372	4.7997
Mr. Ali Ghulam	858,000	7.1823
Mr. Khuda Bux	913,000	7.6427
Mr. Abdul Jabbar	979,000	8.1952
Mr. Pir Baksh	1,094,485	9.1620
Mr. Gul Mohammad	674,750	5.6483
	<b>5,092,607</b>	<b>42.6302</b>

### Information under clause (xvi) (I) of the Code of Corporate Governance

The Directors, Executives and their spouse and their minor children have not undertaken any trading of Company's shares during the year ended September 30, 2016.








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# Sanghar Sugar Mills Limited

## PROXY FORM

I/We ..... of .....

District ..... CNIC No. .... being a member of **SANGHAR SUGAR**

**MILLS LIMITED**, here by appoint Mr./Ms. .... of .....

..... CNIC No. .... Folio No. .... CDC Participant's

ID. No. .... Sub Account No. .... holding ..... Shares of the Company,

as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, January 31, 2017 at 11:30 a.m. at Haji Abdullah Muslim Gymkhana, Old Lobby (Muslim Gymkhana), Near Shaeen Complex, Awan-e-Sadar, Sadar Town, Karachi and at any adjournment thereof.

Signed this ..... day of ..... 2017 in the presence of:

<b>Signature on</b> <b>Five Rupees Revenue Stamp</b>
---

Folio No.	C.D.C. I. D. Sub Account No.	No. of Shares held

### Witness 1

Signature : .....

Name : .....

CNIC No.: .....

Address : .....

.....

### Witness 2

Signature : .....

Name : .....

CNIC No.: .....

Address : .....

.....

### NOTES:

- 1) Proxy should be member of the Company and should produce his/her CNIC at the time of meeting for identification.
- 2) Signature of the member must agree with the specimen signature registered with the Company.
- 3) CDC Account holder or Sub Accountant holder should enclose valid copy of his/her CNIC/ Passport with Proxy Form. Representatives of the Corporate members should bring the necessary documents as usually required for such purpose.
- 4) Proxy Form dully filled-in and signed must be deposited with the Company Secretary at Company's Registered Office C-27, Plot No. No F-24, Block-9, Clifton, Karachi not later than 48 hours before the time fixed for holding this meeting.
- 5) If the member is a corporate entity its common seal should be affixed to the proxy.
- 6) If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

# سانگھڑ شوگر ملز لمیٹڈ پراکسی فارم

میں / ہم \_\_\_\_\_ از \_\_\_\_\_

ڈسٹرکٹ \_\_\_\_\_ حامل قومی شناختی کارڈ نمبر \_\_\_\_\_ بطور ممبر سانگھڑ شوگر ملز لمیٹڈ بذریعہ ہذا جناب / مسات \_\_\_\_\_ حامل قومی شناختی کارڈ نمبر \_\_\_\_\_ حامل

فولیو نمبر \_\_\_\_\_ حامل سی ڈی سی شرکتی شناختی نمبر \_\_\_\_\_ ذیلی اکاؤنٹ نمبر \_\_\_\_\_ حامل

\_\_\_\_\_ حصص کو اپنی / ہماری غیر موجودگی میں اپنا / ہمارا وکیل مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے کمپنی کے عام سالانہ اجلاس بروز منگل مورخہ 31 جنوری 2017 بوقت صبح 11:30 بجے بمقام حاجی عبداللہ مسلم چٹانہ - اولڈ لابی (مسلم چٹانہ) نزد شاہین کمپلیکس، ایوان صدر، ناؤن کراچی یا بصورت کسی ممکنہ تبدیلی کے بعد اس اجلاس میں شرکت کر سکے۔

دستخط شدہ بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ بموجودگی:

فولیو نمبر	سی ڈی سی شناختی نمبر	ذیلی اکاؤنٹ نمبر	حصص کی تعداد

دستخط
پانچ روپے والی ریونیو اسٹیپ

گواہ نمبر 1	گواہ نمبر 2
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

نوٹس

- 1- پراکسی کیلئے لازم ہے کہ وہ کمپنی کا ممبر ہو اور اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کیلئے اپنا قومی شناختی کارڈ ظاہر کرے۔
- 2- دستخط کا ان نمونہ دستخطوں کے مطابق ہونا لازم ہے جو کہ کمپنی کے پاس ریکارڈ میں محفوظ ہیں۔
- 3- حاملین سی ڈی سی اکاؤنٹ اور ذیلی اکاؤنٹ کو چاہئے کہ پراکسی فارم کے ساتھ اپنے کارآمد قومی شناختی کارڈ / پاسپورٹ کی نقل بھی منسلک کریں۔ کارپوریٹ کی نمائندگی کرنے والے ممبران کیلئے لازم ہے کہ وہ تمام دستاویزات اپنے ہمراہ لے کر آئیں جن کی اس موقع پر ضرورت پیش آتی ہے۔
- 4- باقاعدہ پرشدہ اور دستخط شدہ پراکسی فارم کمپنی سیکرٹری کے پاس کمپنی کے رجسٹرڈ دفتر بمقام C-27، پلاٹ نمبر 24-F، بلاک 9، کلفٹن، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے موصول ہو جانا لازم ہے۔
- 5- اگر کوئی ممبر کسی کارپوریٹ ادارے کی نمائندگی کر رہا ہو تو لازم ہے کہ پراکسی فارم پر ادارے کی عمومی مہر ثبت شدہ ہو۔
- 6- اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرے اور ایک ممبر کی جانب سے ایک سے زائد پراکسی فارم کمپنی میں جمع کروائے جائیں تو ایسے تمام پراکسی فارم ناکارہ کر دیئے جائیں گے۔

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